



## Doing Business in Cyprus:

### 2011 Country Commercial Guide for U.S. Companies

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## Chapter 1: Doing Business in Cyprus

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### Market Overview

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European Union:

The United States and the European Union (EU), with its 27 member states, enjoy a mature economic relationship that is characterized by massive two-way trade of \$550 billion and an extensive \$3 trillion two way investment relationship. In 2010, U.S.-EU trade continued to grow, despite the world financial crisis. U.S. exports of goods and services to the EU-27 in 2010 are estimated to have been \$237 billion and imports from the EU, \$318 billion. By some estimates, the transatlantic economy employs more than 14 million people in various in-sourced jobs.

Because of the financial crisis, GDP growth in the EU is expected to be slightly more than 1.8% for 2010 but this compares favorably to a contraction in 2009 of around 4.5%. The euro remains strong, although there are structural issues in some member states that have negatively impacted its value in 2010 and those are expected to continue in 2011. Unemployment in the Euro zone, after slowly declining to 7% in 2007, has increased to just below of 10% for the past two years.

The long awaited EU Lisbon Treaty entered into force on December 1, 2009. The Treaty's primary purpose was to compound and simplify the various treaties and legislation under which the EU previously operated. This clarification was intended to make the EU more efficient and democratically accountable. In the long term, the treaty may result in some changes in the negotiation of trade agreements between the EU and U.S., and it is expected that the European Parliament will have an increasing role in developing EU laws. However, the impact of the Lisbon Treaty should not impact most U.S. exporters in the short term, and its full implementation could take up to two years.

Government-Controlled Area<sup>1</sup>:

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<sup>1</sup> Since 1974, the southern part of Cyprus has been under the control of the Government of the Republic of Cyprus, while the northern part has been administered by a Turkish Cypriot administration, which proclaimed itself the "Turkish Republic of Northern Cyprus" ("TRNC") and has not been recognized by any country except for Turkey. A substantial number of Turkish troops remain in the north. A buffer zone also known as the "Green Line," patrolled by the U.N. Peacekeeping Force in Cyprus (UNFICYP), separates the two parts. The United States recognizes the Republic of Cyprus as the Government of Cyprus. For clarity of presentation, this report outlines the different circumstances that pertain to the Government Controlled Area and the Area Administered by Turkish Cypriots.

The government-controlled area of Cyprus offers good business and financial services, modern telecommunications, an educated labor force, good airline connections, a sound legal system, and a low crime rate. Cyprus's EU membership, its geographical location, low tax rates, and modern infrastructure make it a natural hub for companies looking to do business within the EU and with the Middle East, Eastern Europe, the former Soviet Union and North Africa. A liberal investment regime has also helped increase the flow of direct investment in Cyprus in recent years. The inflow of total direct investment in Cyprus in 2008 (including "brass plate" companies) reached USD 6.0 billion in 2009. Intellectual property is protected under modern copyright and patent legislation, although better enforcement of these laws is needed.

Cyprus' prosperity came under pressure in 2009, as construction and tourism slowed in the face of reduced foreign demand triggered by the ongoing global financial crisis. Its economy tipped into recession in 2009 but made a mild recovery in 2010. The outlook for 2011 remains uncertain, with a growth forecast of 1.8 percent. Public finances also recorded a sharp deterioration in the last two years, deviating considerably from EU targets. The budget deficit reached 6.0 percent in 2009 and 5.7% of GDP in 2010. Total public debt grew from 48.3% of GDP in 2008, to 58.0% in 2009, and on to 60.6 percent in 2010. In response to the country's deteriorating finances, the Government of Cyprus has been trying to implement measures to cut the cost of the state payroll, curb tax evasion, and revamp social benefits. However, obtaining consensus in parliament and among social partners has proven difficult and progress has been slow. Over the last two years, inflation has been subdued reaching 2.4 percent in 2010. Unemployment has been persistently high, reaching 7.0 percent in 2010 – the highest since 1976 for Cyprus, although still moderate compared to other EU states. Cyprus' sovereign credit rating suffered a downgrade in January 2011 on the back of concerns over public finances in the medium term (Fitch and Moody's). Standard and Poor's, for its part, was more concerned about risks to bank portfolios due to exposure to Greece.

Cyprus is one of ten countries to have joined the European Union (EU) on May 1, 2004. Even though the entire island entered the union, the EU *acquis communautaire* -- the body of common rights and obligations -- applies only to the government-controlled areas and is suspended in the area north of the Green Line which is administered by Turkish Cypriots. The process of harmonization with the EU in the run-up to accession has transformed the economy of the government-controlled area, making it more open, liberal, and competitive. In power generation (principally) but also in telecommunications, competition is suffering due to continuing dominance of semi-government organizations, which had enjoyed monopolies until recently.

Cyprus has been a member of the Eurozone since January 1, 2008, when it replaced the Cyprus Pound with the Euro. Joining the Eurozone was a major accomplishment for the Cypriot economy, resulting in such benefits as a higher degree of price stability, lower interest rates, reduction of currency conversion costs and exchange rate risk, and increased competition through greater price transparency. The final conversion exchange rate between the Cypriot pound and the Euro was one Euro per 0.585274 Cyprus pounds.

<http://www.euro.cy/>

Area Administered by Turkish Cypriots:

The self proclaimed “Turkish Republic of Northern Cyprus,” is recognized only by Turkey and controls about one-third of the island’s area and around a fifth of the population. Implementation of the EU *acquis communautaire* has been suspended in the area administered by Turkish Cypriots until political conditions permit the reunification of the island.

In the four years between 2003 and 2006, the Turkish Cypriot economy recorded growth rates averaging around 13.4 percent per annum. This growth was fuelled by the relative stability of the Turkish Lira, a large construction boom, the expansion of Turkish Cypriot universities -- which cater mainly to Turkish and other international students -- and the employment of more than 4,000 Turkish Cypriots in the government-controlled area. However, since 2007, the economy in the north has grinded to a halt and went into recession, with real growth rates of 1.5 percent in 2007 and minus 1.9 percent in 2008. Construction activity, which boomed in 2005 and 2006, came to a bust in 2007 and 2008, while tourism and agriculture went reverse. The Turkish Lira is the main currency, although Pounds Sterling and Euros are widely used.

Most businesses in the north are family-run and tend to be very small. Manufacturing is limited mainly to food and beverages, furniture and fixtures, construction materials, metal and non-metal products, textiles and clothing. Unemployment in 2009 was estimated at 9.8% and the total workforce was reported at 92,000 people. The minimum wage is currently USD 800 (1237 TL) per month.

With hundreds of miles of coastline, medieval castles and antiquities, tourism is a major potential growth industry. Tertiary education is also one of the strongest sectors in the north. There are currently six universities attended primarily by students from Turkey. According to the “State Planning Organization,” about 40,000 students, of which over 80 percent are foreign, registered for the 2009-2010 academic year.

## **Market Challenges**

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### European Union:

While the European Union continues to move in the direction of a Single Market, the reality today is that U.S. exporters in some sectors continue to face barriers to entry in the EU market. In the world of the Internet and e-commerce, some of these barriers are still very pronounced.

EU legislation generally takes two forms. “Regulations” have mandatory language and are directly translated when implemented. “Directives” are interpreted and implemented differently by each member state.

Additionally, while the EU Community Customs Code establishes a standard legal framework for basic customs procedures, it is currently being modernized and the EU as yet does not operate as a single customs administration. The implementation of a modernized customs code that should bring the EU closer to a single authority on customs is currently scheduled to come into place by 2013 but will likely be delayed.

### Government Controlled Area:

Although the entire island entered the EU on May 1, 2004, the EU *acquis communautaire* applies only to the government controlled area and is suspended in the area north of the Green Line which is administered by Turkish Cypriots.

The partial lifting of travel restrictions between the two parts of the island in April 2003 has allowed movement of persons – over 16.5million crossings to date -- between the two parts of the island with no significant interethnic incidents. In August 2004, new EU rules allowed goods produced in the north to be sold in the south provided they met EU rule of origin and sanitary/phyto-sanitary requirements. In May 2005, the Turkish Cypriot "authorities" adopted a new regulation mirroring the EU rules and allowing certain goods produced in the south to be sold in the north. Nevertheless, trade between the two communities remains limited. Suppliers of imported products in the government-controlled area cannot directly serve the Turkish Cypriot market and vice versa. The Council of the European Union has approved special rules for trade across the buffer zone (the "Green Line Regulation"):

[http://www.europa-eu-un.org/articles/en/article\\_7955\\_en.htm](http://www.europa-eu-un.org/articles/en/article_7955_en.htm)

From a strictly business perspective, the biggest challenge is the relatively small size of the market in both communities, with about one million residents on the island. In the government-controlled area, this problem is somewhat cushioned by the relatively high standard of living (per capita GDP reached close to USD 30,000 in 2010 ) and around 2.2 million tourist arrivals per year. In the area administered by Turkish Cypriots, per capita GDP was about USD 15,000 in 2008 (GNP TL 5. Billion).

## **Market Opportunities**

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European Union:

U.S. businesses benefit from several recent developments in the European Union:

- Enlargement in 2007 added two new member states (Romania and Bulgaria) for a total of 27 countries and nearly 500 million individuals that adhere to EU law and comprise a single market for U.S. goods and services. The EU is currently close to bringing in Croatia and Iceland into the fold and is in discussions with several other Balkan states as well as Turkey.
- An increase in the size of the euro-zone, adding Estonia in January 2011, brought the total to 17 countries. Businesses face lower business transaction costs and more transparent pricing throughout the euro-zone compared to the challenges and costs of dealing in multiple currencies prior to the euro's introduction.
- The border free EU Schengen area now covers 25 countries, including some non-EU members, and greatly eases the movement of goods and people across air, land, and sea borders.

Historically, U.S. exporters and investors have faced relatively low barriers to doing business in the EU. Nonetheless, the United States has a number of ongoing disputes with the EU, a situation to be expected given the breadth and depth of the commercial relationship. Discussions on a range of existing and potential trade irritants are ongoing,

including such issues as current and proposed EU restrictions on genetically-modified organisms, biotechnology and nanotechnology; different approaches to transparency in regulatory procedures; and different approaches to the role of standards and their development. To ensure that U.S. companies get the full benefits of the trade agreements the United States has negotiated, the U.S. Government has developed a trade compliance initiative. U.S. trade agencies work closely and diligently with the business community to ensure that the EU and its member states comply with their bilateral and multilateral trade obligations, and to minimize market access problems affecting U.S. firms.

U.S. firms doing business in Europe should also be aware of the business facilitating activities of the Transatlantic Business Dialogue (TABD). The TABD is a forum for U.S. and European businesses that provides voluntary input to the U.S. Government and the European Commission on impediments to transatlantic business. For more information on TABD initiatives visit the TABD website: <http://www.tabd.com/>. Similar transatlantic dialogues are also held between governments and labor, as well as environmental and consumer constituencies.

#### Government Controlled Area:

Best prospects for U.S. firms lie in the energy sector in general and in alternative energy source generation, while the possible existence of natural gas and petroleum reserves off the southern and eastern coast of Cyprus opens up new opportunities. U.S. food and beverage and other franchises and apparel licensors are also finding fertile ground for expansion in Cyprus. Other areas with great potential are shipping, services, high technology sectors, financial services, environmental protection technology, medical and telecommunications equipment, and tourism development projects.

The liberalization of foreign direct investment regulations has made Cyprus an increasingly attractive destination for U.S. investors in recent years. Traditionally, U.S. direct investment in Cyprus consisted of relatively small projects, mostly by Greek-Cypriot expatriates. The abolition of restrictions on investment originating from the EU allows U.S. investors to benefit if they work through subsidiaries in the EU.

#### Area Administered by Turkish Cypriots:

No detailed statistics on investment are readily available in the area administered by Turkish Cypriots. However, most foreign direct investment in north Cyprus since 1974 has come from Turkey – both from the government and private sector. Tourism has attracted the most investment. The “State Planning Organization” has released a Guide for Foreign Investors available at <http://www.devplan.org>. The Turkish Cypriot Investment Development Agency (YAGA) which was formed in 2007 to serve as a one-stop shop for investors performs investment assistance services to foreign investors, and more information can be obtained from <http://www.investinnorthcyprus.org> or by emailing its director at [mehmet.yildirim@investinnorthcyprus.org](mailto:mehmet.yildirim@investinnorthcyprus.org)

Construction activity is now almost at a standstill, after the boom years of 2004-2006. Tourism continues to hold much promise for further development. In 2007, the total number of tourist arrivals increased by 10.5 percent reaching 791,000 but declined in the two following years. About 80 percent of tourists come from Turkey; while the remaining 20 percent come mainly from the UK.

Other potential growth opportunities include agribusiness (especially in citrus, pomegranates, potatoes, and carob – which can be used as a chocolate substitute in health foods) and the export to north Cyprus of cereals and animal feed.

According to the Turkish Cypriot Investment Development Agency, an American company in partnership with a local investor has been deemed eligible to be granted the right to receive an incentive package and a license for 15 years to build and operate a bio-diesel production plant. The project involves employing waste vegetable oil and oil extracted from plant seeds (contractual farming model) but it is unclear when the plant will be built and operational. The refinery will have the capacity to produce 120,000 tons per year and the company is contracted to sell 10,000 tons to local petrol station and export the rest of the production

## **Market Entry Strategy**

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European Union:

The European Union market is a differentiated one, with specific supply and demand needs varying from member state to member state. While a pan-European business strategy is critical, exact market entry strategies must be considered on a country-by-country basis. For details of these tactics, please consult the Commerce Department's Country Commercial Guides of the 27 EU member states found at the following website:

[EU Member States' Country Commercial Guides](#)

To conduct a more thorough search for market research reports on specific industries and sectors within EU member states please consult the Commerce Department's Market Research Library:

<http://www.export.gov/mrktresearch/index.asp>

Government Controlled Area:

A company's market entry strategy for Cyprus will largely depend on the type of product or service it has to offer. Finding a reliable and competent importer, distributor, or partner on the island is usually the best way to go since they know the market well and already have their distribution and contact network in place. The Embassy has many services available for U.S. companies wishing to enter the Cyprus market and can help U.S. companies understand how the market operates and what the advantages of operating from Cyprus are (<http://www.buyusa.gov/cyprus/en/services.html>). Moreover, U.S. companies can also request the assistance of the Cyprus Investment Promotion Agency (CIPA – <http://www.cipa.org.cy>).

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## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/5376.htm>

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## Chapter 3: Selling U.S. Products and Services

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- [Web Resources](#)

To review the European Union Country Commercial Guide for 2011 or for more information on general European Union Laws, Rules, and Regulations for all EU countries, please contact the U.S. Commercial Section at the U.S. Mission to the EU in Brussels.

<http://www.buyusa.gov/europeanunion/>

### Using an Agent or Distributor

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European Union:

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with EU and member state national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent's remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that the Directive states that parties may not derogate certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of "vertical agreements." U.S. small- and medium-sized companies (SMEs) are exempt from these regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of affecting competition at the EU level but useful for cooperation between SMEs. Generally speaking, companies with fewer than 250 employees and an annual turnover of less than €50 million are considered small- and medium-sized undertakings. The EU has additionally indicated that agreements that affect less than 10% of a particular market are generally exempted as well (Commission Notice 2001/C 368/07).

[http://eurlex.europa.eu/LexUriServ/site/en/oj/2001/c\\_368/c\\_36820011222en00130015.pdf](http://eurlex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf)

The EU also looks to combat payment delays with Directive 2000/35/EC which was reviewed in 2010. The existing text, as amended, covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. In sum, the Directive – as amended - entitles a seller who does not receive payment for goods and/or services within 30 days of the payment deadline to collect interest (at a rate of 8% above the European Central Bank rate) as well as 40 Euro as compensation for recovery of costs. For business-to-business transactions a 60 day period may be negotiated subject to conditions. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

[http://ec.europa.eu/enterprise/policies/single-market-goods/documents/late-payments/index\\_en.htm](http://ec.europa.eu/enterprise/policies/single-market-goods/documents/late-payments/index_en.htm)

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0374+0+DOC+XML+V0//EN&language=EN#BKMD-20>

Companies' agents and distributors can take advantage of the European Ombudsman when victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights. In addition, SOLVIT, a network of national centers, offers online assistance to citizens and businesses who encounter problems with transactions within the borders of the single market.

<http://www.ombudsman.europa.eu/home/en/default.htm>  
[http://ec.europa.eu/solvit/site/about/index\\_en.htm](http://ec.europa.eu/solvit/site/about/index_en.htm)

#### Government Controlled Area:

It is relatively easy to find qualified Cypriots to serve as agents and distributors. Several U.S. companies are already represented here on an agency/representative basis. Cypriot agents/representatives normally market U.S. products and services under binding agency agreements based on commissions. In Cyprus, a Commercial Agent must register with the Council of Commercial Agents and receive a license with a

registration number. The Commercial Section website, through its "Business Service Providers" program, provides a list of Cypriot companies who wish to do business with the United States. Please click on the following link if you would like to view our BSP program online:

<http://www.buyusa.gov/cyprus/en/bsp.html>

Area Administered by Turkish Cypriots:

Cooperation with a Turkish Cypriot businessperson or entity is recommended for those interested in doing business in the area administered by Turkish Cypriots. For information on how to get in touch with prospective agents or distributors, please contact the Turkish Cypriot Chamber of Commerce. The TCCC has a list of members with their respective line of business and contact information.

<http://www.ktto.net>

Other contact details:

Tel.: +392-228-3760, +392-228-3645

Fax: +392-228-3089

Email: [ktto@ktto.net](mailto:ktto@ktto.net)

Postal address: 90 Bedreddin Demirel Cad.  
Nicosia

## **Data Privacy and Protection**

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European Union:

The EU's general data protection Directive (95/46/EC) spells out strict rules concerning the processing of personal data. Businesses must tell consumers that they are collecting data, what they intend to use it for, and to whom it will be disclosed. Data subjects must be given the opportunity to object to the processing of their personal details and to opt-out of having them used for direct marketing purposes. This opt-out should be available at the time of collection and at any point thereafter. The current legislation is undergoing review; a proposal for a new data protection legal framework is expected in 2011.

This general legislation is supplemented by specific rules set out in the "Directive on the Processing of Personal Data and the Protection of Privacy in the Electronic Communications Sector" (2002/58/EC). This requires companies to secure the prior consent of consumers before sending them marketing emails. The only exception to this opt-in provision is if the marketer has already obtained the intended recipient's contact details in the context of a previous sale and wishes to send them information on similar products and services.

[http://ec.europa.eu/justice\\_home/fsj/privacy/index\\_en.htm](http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm)

*Transferring Customer Data to Countries outside the EU*

The EU's general data protection Directive provides for the free flow of personal data within the EU but also for its protection when it leaves the region's borders. Personal data can only be transferred outside the EU if adequate protection is provided for it or if the unambiguous consent of the data subject is secured. The European Commission has decided that a handful of countries have regulatory frameworks in place that guarantee the adequate protection of data transferred to them – the United States is NOT one of these.

The Department of Commerce and the European Commission negotiated the Safe Harbor agreement to provide U.S. companies with a simple, streamlined means of complying with the adequacy requirement. It allows those U.S. companies that commit to a series of data protection principles (based on the Directive), and by publicly stating that commitment by "self-certifying" on a dedicated website, to continue to receive personal data from the EU. Signing up is voluntary but the rules are binding on those who do. The ultimate means of enforcing Safe Harbor is that failure to fulfill the commitments will be actionable as an unfair and deceptive practice under Section 5 of the FTC Act or under a concurrent Department of Transportation statute for air carriers and ticket agents. While the United States as a whole does not enjoy an adequacy finding, transfers that are covered by the Safe Harbor scheme will. Companies whose activities are not regulated by the FTC or DoT (e.g. banks, credit unions, savings and loan institutions, securities dealers, insurance companies, not-for-profit organizations, meat packing facilities, or telecommunications carriers) are not eligible to sign up to the Safe Harbor.

EU based exporters or U.S. based importers of personal data can also satisfy the adequacy requirement by including data privacy clauses in the contracts they sign with each other. The Data Protection Authority in the EU country from where the data is being exported must approve these contracts. To fast track this procedure the European Commission has approved sets of model clauses for personal data transfers that can be inserted into contracts between data importers and exporters. The most recent were published at the beginning of 2005, and were complemented in 2010 by contractual clauses on "sub-processing" (outsourcing by an EU based exporters of its processing activities to other sub-processors outside the EU); work to update these and develop new ones is ongoing. Most transfers using contracts based on these model clauses do not require prior approval. Companies must bear in mind that the transfer of personal data to third countries is a processing operation that is subject to the general data protection Directive regardless of any Safe Harbor, contractual or consent arrangements.

EU countries' Data Protection Authorities (DPAs) and large multinational companies are also developing a third major approach to compliance with EU rules on transfers of personal data to countries outside the EU. This is based on country-by-country approval of "binding corporate rules" (BCRs). Companies that set up BCRs that satisfy European DPAs will be able to use the presumption of conformity that these approvals provide to transfer personal data from the EU to any location in the world – not just the United States. BCRs can be a tool for compliance with privacy rules on a global scale. The process of negotiation and approval of the BCRs is currently lengthy and complex, and has not been attempted by small or medium-sized companies.

<http://www.export.gov/safeharbor/>

[http://ec.europa.eu/justice/policies/privacy/modelcontracts/index\\_en.htm](http://ec.europa.eu/justice/policies/privacy/modelcontracts/index_en.htm)

[http://ec.europa.eu/justice/policies/privacy/workinggroup/index\\_en.htm](http://ec.europa.eu/justice/policies/privacy/workinggroup/index_en.htm)

### Government-Controlled Area

To register a company you must get approval first for the legal entity of the company name by applying to the Registrar of Companies and Official Receiver or through the Point of Single Contact for a fee of €8.54 or €25.36 to expedite the process. You may submit the form in person, through a lawyer, or by mail, accompanied by a check in the name of the Registrar of Companies. You may search through the company names already registered in Cyprus by visiting this website:

[http://www.mcit.gov.cy/mcit/drcor/drcor.nsf/index\\_en/index\\_en?opendocument](http://www.mcit.gov.cy/mcit/drcor/drcor.nsf/index_en/index_en?opendocument).

After securing the legal entity's name, you must submit the relevant documents for the legal entity's registration (i.e. Memorandum of Understanding, Articles of Association, etc.) depending on the type of the legal form of the entity. In the case of registering a company (private or public) you must submit the documents through an advocate / lawyer practicing in Cyprus. For a complete list of lawyers, visit the Cyprus Bar Association's website: [www.cyprusbarassociation.org](http://www.cyprusbarassociation.org).

There are different forms of legal entities that the Department of the Registrar of Companies and Official Receiver can register. These forms include: Company (Private or public), Branch Company, General or Limited Partnership, European Company, and Business Name. More information on "Legal forms of entities" and "Incorporation fees" regarding the above types of companies are available through CIPA.

<http://www.cipa.org.cy/establishing-business-cyprus/business-set-up/company-incorporation/>

Non-EU residents wishing to establish a company in Cyprus need to obtain a residence and employment permit by the Civil Registry and Migration Department. The procedure and regulations for obtaining a work permit for non-EU nationals has recently changed. Please contact the Civil Registry and Migration Department for more detailed information (telephone: +357-22-804502 or fax: +357-22-804587).

[http://www.moi.gov.cy/moi/citizenscharter/citizenscharter.nsf/dmlimmigration\\_en/dmlimmigration\\_en?OpenDocument](http://www.moi.gov.cy/moi/citizenscharter/citizenscharter.nsf/dmlimmigration_en/dmlimmigration_en?OpenDocument)

### European Union:

U.S. businesses looking to franchise within the European Union will likely find that the market is quite robust and friendly to franchise systems in general. There are a number of laws that govern the operation of franchises within the EU, but these laws are fairly broad and generally do not constrain the competitive position of U.S. businesses. The

potential franchiser should take care to look not only at the EU regulations, but also at the local laws concerning franchising.

Cyprus:

U.S. franchises, particularly in the food business, have been extremely successful in Cyprus in recent years. Companies that opened franchise outlets in Cyprus since 1990 include: McDonalds, Burger King, Starbucks, Coffee Beanery, Pizza Hut, Papa John's Pizza, KFC, Bennigan's, TGI Friday's, Orkin, Curves, Century 21, Remax, ERA, Cinnabon, and Taco Bell. Operation of these ventures results in returns in the form of licensing fees and royalty payments every year for U.S. and other foreign franchises.

Besides the U.S. franchises on the island, there are many Greek and other franchises including Folli Follie, Accessorize, Pita Pan, Goody's, Costa Coffee, Gloria Jeans, and Ocean Basket. Cypriots are exceptionally brand-conscious and present trends suggest that the franchising sector will continue to grow over the next several years. Although the Cyprus market may be considered small, companies must also account for the tourism inflow, which ranges between 2 – 3 million people per year. Another important factor that has helped the franchise sector grow so significantly on the island is the high disposable income of its residents. The majority of Cyprus' workforce enjoys job security and a steady income from working for the Government, semi-Governmental organizations, or the large financial services sector.

The U.S. Embassy in collaboration with PricewaterhouseCoopers (PWC), Marfin Laiki Bank, the Cyprus Investment Promotion Agency (CIPA), the Cyprus-American Business Association (CyABA), the Cyprus Telecommunications Authority (CyTA), and the Cyprus Tourism Organization organized a Regional Franchise Conference in Limassol October 14 – 15, 2010. The Conference was supported by the International Franchise Association and the Cyprus Chamber of Commerce and Industry. This two-day conference focused on a variety of issues related to franchising in Cyprus and in the broader region and served to promote Cyprus as a base for franchise-holding companies.

54 American and other franchise companies, including the Global Franchise Group (The Athlete's Foot, Marble Slab Creamery, Pretzel Maker, Shoebox NY, Maggie Moo's), Kahala Corp (Cold Stone Creamery, Taco Time, Samurai Sam's, Great Steak, Ranch 1.), Colombiano Coffee House, Denny's, Debbie's Cookies, The Melting Pot, Potato Jack, Crestcom, Hard Rock Café Athens, Pita Pan, and Abrakadoodle, among others, participated in the Conference to look for new franchisees in Cyprus and the region.

All details related to the Conference can be found on the website: <http://www.franchisecyprus.com>. U.S. companies interested in getting more information on the franchising sector in Cyprus or looking for franchisees, can contact the Embassy Commercial Office at: +357-22-393362 or email: [charalambidou@state.gov](mailto:charalambidou@state.gov).

Area Administered by Turkish Cypriots:

Gloria Jean's Coffees (Australian) opened in December 2007 and the pest control company, Orkin, provided a master franchise in the region to a Turkish Cypriot company in 2010. Another U.S. franchise, fast food chain Johnny Rockets opened a store in the

area administered by Turkish Cypriots in 2010. There is also a successful local fast food chain and franchises are a potential growth industry.

## **Direct Marketing**

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European Union:

There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance-selling and on-line commerce. It is worth noting that the EU is currently overhauling its consumer protection legislation (a merger of four existing Directives into a single rulebook - "the Consumer Rights Directive" – was tabled and will be examined in 2011). Companies are advised to consult the information available via the hyper-links, to check the relevant sections of national Country Commercial Guides, and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

### *Processing Customer Data*

The EU has strict laws governing the protection of personal data, including the Use of such data in the context of direct marketing activities. For more information on these rules, please see the privacy section above.

### *Distance Selling Rules*

The EU's Directive on Distance Selling to Consumers (97/7/EC and amendments) sets out a number of obligations for companies doing business at a distance with consumers. It can read like a set of onerous "do's" and "don'ts," but in many ways, it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must provide clear information on the identity of themselves as well as their supplier, full details on prices including delivery costs, and the period for which an offer remains valid – all of this, of course, before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days, and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Selling Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and essentially assure the fairness of resulting contracts.

Consumer Affairs Homepage:

[http://ec.europa.eu/consumers/index\\_en.htm](http://ec.europa.eu/consumers/index_en.htm)

Distance Selling:

[http://ec.europa.eu/consumers/cons\\_int/safe\\_shop/dist\\_sell/index\\_en.htm](http://ec.europa.eu/consumers/cons_int/safe_shop/dist_sell/index_en.htm)

Door-to-Door Selling :

[http://ec.europa.eu/consumers/cons\\_int/safe\\_shop/door\\_sell/index\\_en.htm](http://ec.europa.eu/consumers/cons_int/safe_shop/door_sell/index_en.htm)



### *Distance Selling of Financial Services*

Financial services are the subject of a separate directive that came into force in June 2002 (2002/65/EC). This piece of legislation amends three prior existing Directives and is designed to ensure that consumers are appropriately protected with respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

### *Direct Marketing over the Internet*

The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below).

[http://ec.europa.eu/internal\\_market/e-commerce/index\\_en.htm](http://ec.europa.eu/internal_market/e-commerce/index_en.htm)

#### Government-Controlled Area:

Direct Marketing has been a growth industry for Cyprus in recent years, to the point where many local firms offer their services to customers in the region. Advertising methods for the local market have become sophisticated and the choice of available media is approaching those available in other developed countries.

#### Area Administered by Turkish Cypriots:

Marketing and advertising are widely used in the north. Generally, major campaigns and advertising materials come directly from Turkey. The Internet is also widely used in promotion efforts, and there are approximately 10 internet service providers with high-speed internet services (including 3G and ADSL).

### **Joint Ventures/Licensing**

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#### Government-Controlled Area:

In the case of most large tender projects, Cypriot companies join forces with foreign companies to prepare and submit bid proposals. The expertise of foreign companies in



certain sectors is necessary and their cooperation with local companies gives them an edge as well in terms of the locals' knowledge and expertise in the Cypriot market.

Area Administered by Turkish Cypriots:

It is required that foreign companies have a local partner if they wish to participate in a tender in the area administered by Turkish Cypriots. Foreign companies can also participate by establishing a local company.

## **Selling to the Government**

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Background on the European Union:

The EU public procurement market, including EU institutions and member states, totals around EUR 1,600 billion. This market is regulated by three Directives:

- Directive 2004/18 on Coordination of Procedures for the Award of Public Works, Services and Supplies Contracts, and
- Directive 2004/17 on Coordination of Procedures of Entities Operating in the Utilities Sector, which covers the following sectors: water, energy, transport and postal services.
- Directive 2009/81 on Coordination of Procedures for the Award of Certain Works, Supply and Service Contracts by contracting authorities in the fields of defense and security (to be implemented in national laws of EU member states by August-2011).

Remedies directives cover legal means for companies who face discriminatory public procurement practices. These directives are implemented in the national procurement legislation of the 27 EU member states.

The United States and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and services and some work contracts published by national procurement authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies and services contracts from European public contracting authorities above the agreed thresholds. However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the GPA. The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender, or is entitled to apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions, however, were waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a

database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

Key Link: [http://www.buyusa.gov/europeanunion/eu\\_tenders.html](http://www.buyusa.gov/europeanunion/eu_tenders.html)

#### Government-Controlled Area:

The government announces procurements for international or local tenders. With EU accession, the procurement law has been amended to comply with EU laws and regulations. Tender documents are typically released in the Greek language, which is an official EU language. In most cases, U.S. companies may bid directly or through a local agent on any tender.

With the new procurement law, power on evaluating and awarding tenders has shifted from a Central Tender Board to each Ministry's tender board. A Tenders Review Authority is also established to examine complaints from bidders and to ensure that project awards are not mishandled. Semi-governmental organizations have their own tender boards and evaluating committees.

The Cyprus Government has created a website for Electronic Procurement where it posts all its tenders and through which prospective bidders can submit their proposals. To register and for more detailed information on how the website works, please click on the following link: <https://www.eprocurement.gov.cy/ceproc/home.do>

Information on upcoming tenders is available through the Department of Commerce in Washington, through the following website: <http://www.stat-usa.gov>, through the U.S. Embassy in Nicosia, Commercial Section (e-mail: [nicosiaecon@state.gov](mailto:nicosiaecon@state.gov)), or through our website: <http://www.buyusa.gov/cyprus/en/tradeleads.html>). Alternatively, you can find relevant information through the following website: <http://www.export.gov>.

Ministry technical committees evaluate government tenders. Bids are usually evaluated first on technical merit and then on cost depending on the value of the project. Bidders on government contracts are advised to offer products/services that meet exact tender specifications.

#### Area Administered by Turkish Cypriots:

The "Central Tenders Commission" (CTC), which is under the "Ministry of Finance", handles all "Government" tenders released in the area administered by Turkish Cypriots. This is not the case with "municipalities" however; where each "municipality" has its own tender board and follows its own regulations and procedures.

Tenders are announced in the "Official Gazette" or in a minimum of two local Turkish language newspapers. International tenders are also announced abroad as per the 1986 "By-Laws Governing State Tenders." Most large tenders permit participation from international companies. International companies can participate through an agent or with a partner in the area administered by Turkish Cypriots if the tender specifications clearly state that the tender is open for international participation. The agent or partner must be fully registered in the area administered by Turkish Cypriots in order to represent any international company.

## **Distribution and Sales Channels**

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### **Government Controlled Area:**

Most imported products and services are handled through agents and distributors. Although most agent agreements may not be exclusive, most distributor agreements are. In some cases, a distributor may obtain an agreement to represent a company in both Cyprus and Greece and sometimes in countries of Eastern Europe as well.

Most companies in Cyprus are relatively small and family-owned and operated, although there are some notable exceptions. A recent trend has been for foreign investors and companies, especially from Greece, to enter the market by purchasing existing companies on the island. There are several major local and European supermarket chains and a few department stores. There are also many small family-owned stores. The hours that stores can be open and what products they can carry are regulated by the state in an effort to protect smaller operations.

### **Area Administered by Turkish Cypriots:**

The market structure in the area administered by Turkish Cypriots is similar to the government-controlled area in that there are mostly small and family-owned and operated businesses. Imports are also handled by agents and distributors and are usually imported through Turkey.

## **Selling Factors/Techniques**

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Selling factors and techniques in Cyprus are generally the same as in the United States and in other Western European countries.

## **Electronic Commerce**

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### **European Union:**

In July 2003, the EU started applying Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules were indefinitely extended following adoption of Directive 2008/8/EC.

U.S. businesses mainly affected by the 2003 rule change are those that are U.S. based and selling ESS to EU based, non-business customers or those businesses that are EU based and selling ESS to customers outside the EU who no longer need to charge VAT on these transactions. There are a number of compliance options for businesses. The Directive created a special scheme that simplifies registering with each member state. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are based, but VAT reports and returns are submitted to just one authority. The VAT

authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities. [http://ec.europa.eu/taxation\\_customs/taxation/vat/how\\_vat\\_works/e-services/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm)

#### Government Controlled Area:

The Ministry of Commerce is trying to promote E-commerce in Cyprus as an innovative way of doing business on the island. Although Internet access is widespread, Web-based trade remains relatively small but is growing. Most companies have their own website.

Online banking is becoming increasingly popular and Cypriots are becoming accustomed to this channel for financial services.

The Government of Cyprus has created the Cyprus Investment Promotion Agency (CIPA) website that provides specific information to foreign companies on how to invest in Cyprus: <http://www.cipa.org.cy>

The Government is also improving its websites and offers more services and information through the Web. The Government's main website is: <http://www.cyprus.gov.cy>

#### Area Administered by Turkish Cypriots:

As in the south, E-commerce is limited but growing. Online banking services are advanced, as competition is fierce from Turkey-based banks. Most "government" offices and "ministries" have a website and some are starting to offer services; however, in general the Turkish Cypriot authorities continue to lag behind the private sector in this regard.

### Trade Promotion and Advertising

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#### European Union:

##### *General Legislation*

Laws against misleading advertisements differ widely from member state to member state within the EU. To respond to this imperfection in the Internal Market, the Commission adopted a directive, in force since October 1986, to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor." member states can authorize even more extensive protection under their national laws.

Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services by a competitor."

member states can, and in some cases have, restricted misleading or comparative advertising.

The EU's Audiovisual Media Services Directive lays down legislation on broadcasting activities allowed within the EU. Since 2009, the rules allow for U.S.-style product placement on television and the three-hour/day maximum of advertising will be lifted. However, a 12-minute/hour maximum will remain. Child programming will be subject to a code of conduct that will include a limit of junk food advertising to children.

Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are now considered as legally binding on the seller. (For additional information on Council Directive 1999/44/EC on the Sale of Consumer Goods and Associated Guarantees, see the legal warranties and after-sales service section below.)

The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten up consumer protection rules. These rules outlaw several aggressive or deceptive marketing practices such as pyramid schemes, "liquidation sales" when a shop is not closing down, and artificially high prices as the basis for discounts in addition to other potentially misleading advertising practices. Certain rules on advertising to children are also set out.

[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/fair\\_bus\\_pract/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm)  
[http://ec.europa.eu/avpolicy/reg/avms/index\\_en.htm](http://ec.europa.eu/avpolicy/reg/avms/index_en.htm)

### *Medicine*

The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC as amended by [Directive 2004/27/EC](#). Generally speaking, the advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted, nor is the distribution of free samples to the general public. The text of the advertisement should be compatible with the characteristics listed on the product label, and should encourage rational use of the product. The advertising of medicinal products destined for professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a particular medicinal product are prohibited and the supply of free samples is restricted.

The Commission presented a new framework for information to patients on medicines in 2008. The framework which is still being debated would allow industry to produce non-promotional information about their medicines while complying with strictly defined rules and would be subject to an effective system of control and quality assurance.

[http://ec.europa.eu/health/human-use/information-to-patient/index\\_en.htm](http://ec.europa.eu/health/human-use/information-to-patient/index_en.htm)

### *Nutrition & Health Claims*

On July 1, 2007, a regulation on nutrition and health claims entered into force. [Regulation 1924/2006](#) sets EU-wide conditions for the Use of nutrition claims such as "low fat" or "high in vitamin C" and health claims such as "helps lower cholesterol". The

regulation applies to any food or drink product produced for human consumption that is marketed on the EU market. Only foods that fit a certain nutrient profile (below certain salt, sugar and/or fat levels) will be allowed to carry claims. Nutrition and health claims will only be allowed on food labels if they are included in one of the EU positive lists. Food products carrying claims must comply with the provisions of [nutritional labeling directive 90/496/EC](#) and its amended version to come into effect in 2011.

The development of nutrient profiles, originally scheduled for January 2009, has been delayed. Nutrition claims can fail one criterion, i.e. if only one nutrient (salt, sugar or fat) exceeds the limit of the profile, a claim can still be made provided the high level of that particular nutrient is clearly marked on the label. For example, a yogurt can make a low-fat claim even if it has high sugar content but only if the label clearly states "high sugar content". A European Union [Register of nutrition claims](#) has been established and is updated regularly. Health claims cannot fail any criteria.

As of November 2010, EFSA had published 200 opinions providing scientific advice on more than 1,700 "general function" health claims. EFSA expects to complete the evaluation of the general function health claims prioritized by the Commission by the end of June 2011.

A simplified authorization procedure has been established for health claims based on new scientific data.

A guidance document on how companies can apply for health claim authorizations can be downloaded from EFSA's website at:

[http://www.efsa.europa.eu/EFSA/ScientificPanels/NDA/efsa\\_locale-1178620753812\\_1178684448831.htm](http://www.efsa.europa.eu/EFSA/ScientificPanels/NDA/efsa_locale-1178620753812_1178684448831.htm)

### *Food Supplements*

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods. This list was most recently [revised in November 2009](#). A positive list of substances other than vitamins and minerals has not been established yet, although it is being developed. Until then, member state laws will govern the use of these substances.

[http://ec.europa.eu/food/food/labellingnutrition/supplements/index\\_en.htm](http://ec.europa.eu/food/food/labellingnutrition/supplements/index_en.htm)

### *Tobacco*

The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed, though these are banned in many member states. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the TV without Frontiers Directive. The EU plans to revise the Tobacco Products Directive in 2012 with possible changes could include bigger, double-sided health pictorial warnings on cigarette packages and plain packaging.

[http://ec.europa.eu/health/tobacco/law/advertising/index\\_en.htm](http://ec.europa.eu/health/tobacco/law/advertising/index_en.htm)

### Government-Controlled Area:

Besides traditional advertising media like television and radio, direct marketing techniques that involve telephone calls to prospective customers and direct-mail to households have been used in recent years. Telemarketing (advertising through TV, with call-in numbers to order directly) is also frequently used. Cable and satellite television are expanding their reach and offer another advertising medium. Advertising through the internet has grown significantly over the past few years as the number of Internet users in Cyprus has increased. Several internet providers specialize in designing web pages.

More traditional advertising channels, such as billboards or the print media, are also used extensively. General and product-specific trade shows take place year-round (see Chapter 9). Most newspapers are affiliated with particular political parties. The major Greek language newspapers are *Phileleftheros*, *Politis*, *Alithia*, *Simerini*, and *Haravghi*. The major English language newspapers are the *Cyprus Weekly*, *Cyprus Mail* and the *Cyprus Financial Mirror*. There are sector specific magazines like "InBusiness" that are targeted to businesspeople. There are numerous radio stations and seven broadband television channels: two government-owned, three private, and two paid subscription TV channels. There are also six local TV stations on the island. Digital television is also present in Cyprus. Two companies offer cable digital TV; the Cyprus Telecommunications Authority (CyTA) through its pre-existing cable network – called MiVision – and NV Cable Communications Systems, a strategic collaborator of the Electricity Authority of Cyprus, through the EAC's existing fiber optics. Another option for viewers is NOVA satellite that services both the market of Greece and Cyprus.

There are many advertising, public relations, and promotion agencies on the island. Most of them are partnered up with major agencies abroad.

### Area Administered by Turkish Cypriots:

The advertising sector in the area administered by Turkish Cypriots is not as developed as in the government-controlled area, but there are a number of advertising agencies which undertake advertising issues and campaigns. Besides traditional advertising media like television and radio, direct marketing techniques that involve direct-mail to households have been used in recent years. Cable and satellite television are widely available and offer another advertising medium.

More traditional advertising channels, such as billboards or the print media, are also used extensively.

TV Stations: BRT (1 & 2), Kanal T, Genc TV, Akdeniz TV, Avrasya TV, Kibris TV, GAU TV, YDU TV, Ada TV, As TV.

Radio Stations: Acik Radio, Akdeniz FM, BRT (Bayrak Radio 1, Bayrak FM, Bayrak International, Bayrak Classic) Kibris FM, Sim FM, Radyo Guven, Dance FM, Capital FM, Radio Enerji, First FM, Radio Vatan, Radio T, Near East FM, Radyo Dogu Akdeniz, Kuzey FM, GAU FM, Radyo Mayis.



Newspapers: *Kibris, Yeniduzen, Gunes, Kibrisli, Ortam, Demokrat Bakis, Vatan, Afrika, Halkin Sesi, Cyprus Observer, Cyprus Times, Cyprus Today, Volkan, Sozcu, Star Kibris, Havadis, Civi, Yeni Cag, Dialogue, Haberdar.* As in the government-controlled area, most newspapers are affiliated with particular political parties.

## **Pricing**

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Government-Controlled Area:

As of January 1, 2008 Cyprus adopted the Euro as its official currency and eliminated the use of the Cyprus pound as of January 31, 2008. When considering pricing strategy (and this applies to both the government-controlled area and the area administered by Turkish Cypriots), U.S. exporters should remember that the Cyprus market is small and orders are usually in limited quantities. The usual method of transaction is by letter of credit, with 90-day terms.

## **Sales Service/Customer Support**

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European Union:

Conscious of the discrepancies among member states in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

### *Product Liability*

Under the 1985 Directive on liability of defective products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

<http://ec.europa.eu/enterprise/policies/single-market-goods/product-liability/>

### *Product Safety*

The 1992 General Product Safety Directive introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU. The legislation is undergoing review.

[http://ec.europa.eu/consumers/safety/prod\\_legis/index\\_en.htm](http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm)



### *Legal Warranties and After-sales Service*

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- Repair of the good(s);
- Replacement of the good(s);
- A price reduction; or
- Rescission of the sales contract.

[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/guarantees/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm)

Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are dealt with in Chapter 5 of this report.

#### Government Controlled Area:

U.S. companies bidding on various projects in Cyprus should bear in mind that a local representative is usually recommended. When evaluating tenders, government and semi-government organizations will take into consideration the reliability and reputation of the local agent/representative. Also taken into consideration are after-sales service, maintenance contracts, and the availability of spare parts. Even in direct dealings with Cypriot companies through personal agreements, it is very important to prove that you can help the Cypriot company provide efficient after-sales service and spare parts (where this applies). The Commercial Section of the U.S. Embassy in Nicosia can help U.S. firms locate reputable local agents or perform due diligence on local companies/businesspeople. Please click on the link below to review our services:

<http://www.buyusa.gov/cyprus/en/services.html>

### **Protecting Your Intellectual Property**

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Several general principles are important for effective management of intellectual property ("IP") rights in Cyprus. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Cyprus than in the United States. Third, rights must be registered and enforced in Cyprus, under local laws. Your U.S. trademark and patent registrations will not protect you in Cyprus. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Cyprus market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally

cannot enforce rights for private individuals in Cyprus. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Cyprus law. The U.S. Commercial Service can provide a list of local lawyers upon request (please click on the link below and under Professional Services you will find a Local Attorneys link):

<http://cyprus.usembassy.gov/professional-services.html>

While the U.S. government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. In many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Cyprus require constant attention. Work with legal counsel familiar with Cyprus laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Cyprus or U.S.-based. These include:

- The U.S. Chamber of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- Cyprus American Business Association (CyABA)
- Pharmaceutical Association of Research and Development Companies of Cyprus (KEFEA)

## **IP Resources**

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: 1-866-999-HALT or register at [www.StopFakes.gov](http://www.StopFakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: 1-800-786-9199.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: 1-202-707-5959.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at [www.stopfakes.gov](http://www.stopfakes.gov).
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov). This site is linked to the USPTO website for registering trademarks and patents (both in the United States as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Cyprus at: <http://www.buyusa.gov/cyprus>.

#### Government Controlled Area

IPR legislation in Cyprus is, on the whole, modern and comprehensive, although enforcement needs further improvement. Cyprus harmonized its IPR regime with EU requirements in 2004. According to industry sources, the level of DVD and CD piracy continues at roughly 50 percent. Software piracy, largely fueled by small personal computer assembly and sale operations, has declined to 48 percent but is still significantly above the European average of 35 percent.. Internet piracy is a growing concern. Contact information for local IPR registration and enforcement offices can be found at: <http://www.wipo.int/directory/en/urls.jsp>.

#### Area Administered by Turkish Cypriots

Intellectual property rights are not adequately protected in the area administered by Turkish Cypriots. Current legislation is antiquated and rarely enforced.

## Due Diligence

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European Union:

Product safety testing and certification is mandatory for the EU market. U.S. manufacturers and sellers of goods have to perform due diligence in accordance with mandatory EU legislation prior to exporting.

Government Controlled Area:

In an effort to assist U.S. companies with their due diligence efforts on the island, the Commercial Section offers the International Company Profile (ICP) report service. This report is a background check into the particulars of potential business partners in Cyprus, including information on key officers, financial health, sales volume and reputation.

The cost for each ICP report in Cyprus is US\$600 for small companies and US\$900 for large companies. The report is delivered within 15 working days. For more information on our ICP service, please check the Commercial Section's website:

<http://www.buyusa.gov/cyprus/en/services.html>

## Local Professional Services

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European Union:

Local service providers focusing on EU law, consulting, and business development can be viewed on the website maintained by the Commercial Service at the U.S. Mission to the European Union at: <http://www.buyusa.gov/europeanunion/services.html>.

For information on professional services located within each of the EU member states, please see EU Member State Country Commercial Guides which can be found at the following website [EU Member States' Country Commercial Guides](#)

Government-Controlled Area:

A local attorney must prepare the Articles of Incorporation of the company and submit the application for registration to the Registrar of Companies. A list of local attorneys registered with the U.S. Embassy in Nicosia is available from the Embassy's Consular Section,; <http://cyprus.usembassy.gov/> under U.S. Citizen Services and under Commercial Information. A full list of attorneys registered in Cyprus (more than 1,600) is available from the Cyprus Bar Association website:

[http://www.cyprusbarassociation.org/news\\_en.php](http://www.cyprusbarassociation.org/news_en.php)

The island offers a plethora of professional accounting, financial, consulting, advertising, public relations, and legal services. The services sector is considered one of the big sources of income for Cyprus. There are many professional services associations registered under the Cyprus Chamber of Commerce and Industry.

<http://www.ccci.org.cy/>

Area Administered by Turkish Cypriots:

The Turkish Cypriot Chamber of Commerce can provide a list of professional services available as well as contact information. <http://www.ktto.net>

## Web Resources

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the U.S. Embassy in Nicosia, Cyprus

<http://cyprus.usembassy.gov>

U.S. Embassy, Commercial Section in Nicosia, Cyprus

<http://www.buyusa.gov/cyprus>

Government-Controlled Area:

The Government of Cyprus official website includes information on ministries and all branches of the government. <http://www.cyprus.gov.cy>

For Information on Cypriot Companies by name or sector and for detailed information regarding Associations registered with the Chamber of Commerce and Industry

<http://www.ccci.org.cy>

The Cyprus – American Business Association is dedicated to promoting bilateral trade relations between Cyprus and the U.S. and has a very close cooperation with the U.S. Embassy in Nicosia.

<http://www.cyaba.com.cy>

To find out if a company is registered in Cyprus check the website of the Department of the Registrar of Companies and Official Receiver. The website also provides statistics on companies registered in Cyprus and other services

[http://www.mcit.gov.cy/mcit/drcor/drcor.nsf/index\\_en/index\\_en?opendocument](http://www.mcit.gov.cy/mcit/drcor/drcor.nsf/index_en/index_en?opendocument)

Cyprus Bar Association

[http://www.cyprusbarassociation.org/news\\_en.php](http://www.cyprusbarassociation.org/news_en.php)

Area Administered by Turkish Cypriots:

The official website of the Turkish-Cypriot Chamber of Commerce

<http://www.ktto.net>

The Turkish Cypriot Chamber of Industry website

<http://www.kktcsanayiodasi.org/>

EU websites:

Coordination of the laws of the member states relating to self-employed commercial agents (Council Directive 86/653/EEC):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

Agreements of Minor importance which do not appreciably restrict Competition under Article 81(1) of the Treaty establishing the European Community  
[http://eurlex.europa.eu/LexUriServ/site/en/oj/2001/c\\_368/c\\_36820011222en00130015.pdf](http://eurlex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf)

Regulation on late payment:  
[http://ec.europa.eu/enterprise/policies/single-market-goods/documents/late-payments/index\\_en.htm](http://ec.europa.eu/enterprise/policies/single-market-goods/documents/late-payments/index_en.htm)

European Ombudsman:  
<http://www.ombudsman.europa.eu/home/en/default.htm>

EU's general data protection Directive (95/46/EC):  
[http://ec.europa.eu/justice\\_home/fsj/privacy/index\\_en.htm](http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm)

Safe Harbor:  
<http://www.export.gov/safeharbor/>

Information on contracts for transferring data outside the EU:  
[http://ec.europa.eu/justice\\_home/fsj/privacy/modelcontracts/index\\_en.htm](http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm)

EU Data Protection Homepage  
[http://ec.europa.eu/justice/policies/privacy/index\\_en.htm](http://ec.europa.eu/justice/policies/privacy/index_en.htm)

Distance Selling Rules:  
[http://ec.europa.eu/consumers/cons\\_int/safe\\_shop/dist\\_sell/index\\_en.htm](http://ec.europa.eu/consumers/cons_int/safe_shop/dist_sell/index_en.htm)

Distance Selling of Financial Services:  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

E-commerce Directive (2000/31/EC):  
[http://ec.europa.eu/internal\\_market/e-commerce/index\\_en.htm](http://ec.europa.eu/internal_market/e-commerce/index_en.htm)

VAT on Electronic Service:  
[http://ec.europa.eu/taxation\\_customs/taxation/vat/how\\_vat\\_works/e-services/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm)

The Unfair Commercial Practices Directive:  
[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/fair\\_bU.S.\\_pract/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bU.S._pract/index_en.htm)

Information to Patients - Major developments:  
[http://ec.europa.eu/enterprise/pharmaceuticals/patients/patients\\_key.htm](http://ec.europa.eu/enterprise/pharmaceuticals/patients/patients_key.htm)

Nutrition and health claims made on foods:  
[Regulation 1924/2006](#)

Provisions of Nutritional Labeling  
[Nutritional Labeling Directive 90/496/EC](#)

EU-27 FAIRS Subject Report Health Claims - EU Authorization Procedure 2008:  
[GAIN Report E48055](#)

Guidance document on how companies can apply for health claim authorizations:

Summary document from EFSA

[http://www.efsa.europa.eu/cs/BlobServer/Scientific\\_Opinion/nda\\_op\\_ej530\\_guidance\\_summary\\_en.pdf?ssbinary=true](http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_summary_en.pdf?ssbinary=true)

Full document from EFSA

[http://www.efsa.europa.eu/cs/BlobServer/Scientific\\_Opinion/nda\\_op\\_ej530\\_guidance\\_20health\\_claim\\_en.pdf,2.pdf?ssbinary=true](http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_20health_claim_en.pdf,2.pdf?ssbinary=true)

Health & Nutrition Claims

[http://ec.europa.eu/food/food/labellingnutrition/claims/index\\_en.htm](http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm)

Tobacco

[http://ec.europa.eu/health/tobacco/policy/index\\_en.htm](http://ec.europa.eu/health/tobacco/policy/index_en.htm)

Product Liability:

[http://europa.eu/legislation\\_summaries/consumers/consumer\\_safety/l32012\\_en.htm](http://europa.eu/legislation_summaries/consumers/consumer_safety/l32012_en.htm)

Product Safety

[http://ec.europa.eu/consumers/safety/prod\\_legis/index\\_en.htm](http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm)

Legal Warranties and After-sales Service:

[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/guarantees/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm)

Copyright: [http://ec.europa.eu/internal\\_market/copyright/documents/documents\\_en.htm](http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm)

Harmonization of certain aspects of Copyright and related rights in the Information Society - Copyright Directive (2001/29/EC):

[http://eur-lex.europa.eu/pri/en/oj/dat/2001/l\\_167/l\\_16720010622en00100019.pdf](http://eur-lex.europa.eu/pri/en/oj/dat/2001/l_167/l_16720010622en00100019.pdf)

Industrial Property

[http://ec.europa.eu/internal\\_market/indprop/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/index_en.htm)

European Patent Office (EPO)

<http://www.european-patent-office.org>

Office for Harmonization in the Internal Market (OHIM)

<http://oami.europa.eu/>

World Intellectual Property Organization (WIPO) Madrid

<http://www.wipo.int/madrid/en>

Directive on harmonizing trademark laws:

[http://ec.europa.eu/internal\\_market/indprop/tm/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/tm/index_en.htm)

U.S. websites:

IPR Toolkit: <http://www.buyusa.gov/europeanunion/ipr.html>

EU Public Procurement:[http://www.buyusa.gov/europeanunion/eu\\_funds.html](http://www.buyusa.gov/europeanunion/eu_funds.html)

Local Professional Services: <http://www.buyusa.gov/europeanunion/services.html>.

EU Member State Country Commercial Guides - Market Research Library: [EU Member States' Country Commercial Guides](#)

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## Chapter 4: Leading Sectors for U.S. Export and Investment

- [Commercial Sectors](#)
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### Commercial Sectors

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European Union:

The Showcase Europe program run by the U.S. Department of Commerce's offices throughout Europe provides U.S. exporters a broader perspective on the European market. It is organized around eight leading sectors (listed alphabetically): aerospace and defense, automotive, energy and power generation, environmental technologies, information and communications technologies, medical & pharmaceutical, safety and security and travel and tourism. For more information on how to receive an assessment of your company's product potential in Europe, please visit: <http://www.buyusa.gov/quicktake>.

### Opportunities for Investment

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Government Controlled Area:

Current Tenders/Investment Opportunities:

#### 1. Oil and Gas Exploration – Licensing Applications (Second Round) (OGS)

The Republic of Cyprus, represented by the Ministry of Commerce, Industry and Tourism, plans to conduct the Second Hydrocarbon Exploration Licensing Round offshore Cyprus in mid-year 2011. The Government will probably have 12 offshore blocks available for bids. According to Ministry of Commerce officials, the Government has procured detailed data on the offered blocks from 3D seismic surveys and the information is available to companies that may be interested in bidding for a license in the upcoming round. The Ministry of Commerce, Department of Energy conducted its first Hydrocarbon Exploration Licensing Round for potential offshore oil and natural gas deposits on February 15, 2007 and has awarded one block to U.S. company Noble Energy.

Cyprus will be highlighted at an industry breakfast organized by the U.S. Department of Commerce at this year's Offshore Technology Conference (OTC) held in Houston May 2 – 5, 2011 Interested U.S. companies can attend the breakfast for more detailed information on Cyprus' potential in hydrocarbons.

#### 2. Participation in the Vasilikos Oil Terminal Project (OGS, CON, MCS)

On December 17, 2010 the Ministry of Commerce, Industry, and Tourism invited applications for Expressions of Interest in the Vasilikos Oil Terminal. The Republic of Cyprus Government is looking for a partner to form a Joint Venture with for the development, financing, construction, and operation of the Vasilikos Oil Terminal. The bid deadline was February 11, 2011.

### 3. Construction & Operation of Natural Gas Onshore Distribution Networks (ACE, OGS)

Once Cyprus has a Liquefied Natural Gas (LNG) supply, the Natural Gas Public Company of Cyprus (Greek acronym DEFA), which is going to be the sole importer and supplier of NG in Cyprus, as well as, manage and develop the local distribution and supply system of NG on the island, will need a company with experience in the construction and operation of NG onshore terminals and distribution networks for a future cooperation. U.S. companies are urged to express their interest in such projects to DEFA as soon as possible.

### 4. Construction & Operation of a Liquefied Natural Gas (LNG) Energy Center (ACE, OGS)

A very promising upcoming project that will follow the formation of the joint venture between the Electricity Authority of Cyprus (EAC) and a strategic partner for the construction and operation of a Liquefied Natural Gas (LNG) Energy Center is the selection of the Engineering Procurement Construction (EPC) contractor for the LNG Center. The EAC will announce the tender by mid 2011 and hopes to have the contract signed by late 2011 or early 2012. Construction work for the LNG center will start immediately after appointment of the contractor. The minimum estimated cost of the project is €600 million (USD approximate value: \$780 million).

### 5. Renewable Sources of Energy (OGS – REQ)

Projects for renewable sources of energy are still pending, specifically in the following sectors: 1) solar photovoltaic electricity generation; 2) wind turbines electricity generation; 3) biomass for the production of electricity from organic waste; and 4) replacement of existing solar hot water heaters. The GOC had to comply with EU targets, which stipulated that Cyprus should cover up to 6 percent of electricity production through renewable sources of energy by 2010; a target which still remains unachieved. Not many projects have been implemented so far, which made it extremely difficult for the Government to achieve the 6% target on time even though the GOC is offering selected subsidies in an effort to promote renewable sources of energy. A few wind turbine parks are constructed or already underway but there is a lot of room for entering the market, especially with the use of solar energy given the island's climate.

Companies interested in the renewable energy sector, can contact the office of the Energy Commission:

Cyprus Energy Regulatory Authority  
P.O. Box 24936  
1355 Nicosia  
Cyprus  
Tel.: +357-22-666363  
Fax: +357-22-666353

## 6. Franchising (FRA)

Franchises in Cyprus enjoy some of the highest sales volumes per capita and margins in Europe and the Middle East. Although the Cyprus market may be considered small, companies must also account for the tourism inflow, which ranges from 2 – 3 million people per year. Another very important factor that has helped the franchise sector grow so significantly on the island is the high disposable income of its residents. The majority of Cyprus' workforce enjoys job security and a steady income from working for the Government, the semi-Governmental organizations, and the large financial services sector.

A follow-up Franchise event is in the works for 2011. Interested U.S. companies can contact the Commercial Specialist at post ([charalambidouey@state.gov](mailto:charalambidouey@state.gov)) for more information or visit the BuyUSA website for updates: <http://www.buyusa.gov/cyprus>. More on franchising can be found in Chapter 3.

## 7. Health/Medical Sector (HCS – DRG – MED)

Medical devices, medical disposables, and medical equipment are developing markets on the island and there is a vast need for their provision to both the public and private sector. For example, there is a need for X-Ray machines (as well as X-Ray specialists), Ultrasound, Electrocardiographs (ECG), MRI equipment, and ophthalmology equipment. There is a need of 400 units of blood daily and sometimes the collection centers experience shortages. The Government is now in the process of switching to a National Health Insurance Scheme (NHIS) that will cover all citizens through both the public and private sector. To implement this strategy, the Government created the semi-governmental Health Insurance Organization (HIO). The costs of implementation are estimated at over USD 1 billion. In the last couple of years, there have been several large development-stage projects aimed at upgrading the healthcare sector on the island targeted to attract international medical tourism and Cypriot clients.

## 8. Science and Technology Collaboration Possibilities

On February 5, 2009 the United States Government and the Republic of Cyprus signed a Science and Technology Agreement. The purposes of this agreement are to strengthen scientific and technological capabilities, to broaden and expand relations between the extensive scientific and technological communities of both countries, and to promote scientific and technological cooperation in areas of mutual benefit for peaceful purposes including - but not limited to - nanotechnology, water issues, health, marine sciences, and archaeology. This agreement has opened the doors to collaborations between the United States and Cyprus on all levels of government, business, and academia.

Area Administered by Turkish Cypriots:

Agribusiness is a potential growth industry in the area administered by Turkish Cypriots. The north produces surplus citrus, potatoes, and carob that could be processed into finished products for the local market and potentially exported abroad. The export to the

area administered by Turkish Cypriots of cereals and animal feed (chickens, cows, and goats/sheep) are also possible growth markets for U.S. exporters.

## **Agricultural Sectors**

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European Union:

Despite frequent disputes, bilateral agricultural trade between the United States and the EU-27 totaled \$23.7 billion in FY 2007. The EU is the fourth largest export market for U.S. agricultural products after Canada, Mexico and Japan. For the ninth year in a row, the trade balance agricultural, forestry, and fishery goods continued in the EU's favor (\$14.5 billion vs. \$9.2 billion). U.S imports from the EU included European wine and beer, essential oils, olive oil, processed products, and cheese.

The main U.S products exported to the EU (by value) are consumer-oriented products including tree nuts, fish products, soybeans, processed fruit and vegetables, wine and beer, and tobacco. Increases were seen in U.S. exports of soybean meal, poultry meat, eggs and products, breakfast cereals, wheat flour, crab and meat, and soybean oil.

Global branding and further integration of European markets is continuing to produce a more homogeneous food and drink market in Europe, but significant national differences in consumption remain. Nevertheless, certain common trends are evident throughout the EU: demand for greater convenience, more openness to non-traditional foods, and a growing interest in health foods, organics and niche markets. For a thorough analysis of what commodities and products offer the best opportunities, access <http://www.fas.usda.gov/posthome/useu/> and consult the individual member states' exporter guides.

## **Web Resources**

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For more information on upcoming tenders and possible projects, interested companies can visit the following sites:

<https://www.eprocurement.gov.cy/ceproc/home.do>

<http://www.eac.com.cy/EN/Pages/Home.aspx#>

<http://www.cipa.org.cy/>

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## Chapter 5: Trade Regulations, Customs, and Standards

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- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
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### Import Tariffs

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European Union:

The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

Government-Controlled Area:

Since its accession to the EU on May 1, 2004, Cyprus has fully adopted the European Union's Common Customs Tariff (CCT) for third countries. EU products enjoy zero tariff rates.

Area Administered by Turkish Cypriots:

Tariff rates in north Cyprus tend to be higher than in the government-controlled area, depending on the product, and do not conform to the CCT. Tariffs are applied based upon the origin of the goods and are divided into two categories. Goods from Turkey and EU Member States are charged lower rates than goods from all other countries (including the United States).

### Trade Barriers

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Background on the European Union:

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website:

[http://www.ustr.gov/sites/default/files/uploads/reports/2009/NTE/asset\\_upload\\_file348\\_15473.pdf](http://www.ustr.gov/sites/default/files/uploads/reports/2009/NTE/asset_upload_file348_15473.pdf)

Information on agricultural trade barriers can be found at the following website:

<http://www.fas.usda.gov/posthome/useu/>

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at <http://www.trade.gov/tcc> or the U.S. Mission to the European Union at <http://www.buyusa.gov/europeanunion>.

Government-Controlled Area:

#### Property Acquisition

Cypriot law imposes significant restrictions on the foreign ownership of real property. Non-EU residents may purchase only a single piece of real estate (not to exceed three donums, or roughly one acre) for private use (normally a holiday home). Exceptions can be made for projects requiring larger plots of land but they are difficult to obtain and are rarely granted.

#### Biotech Restrictions

Cyprus has adopted a number of restrictive biotechnology policies. The government has consistently voted against applications for new bioengineered crops considered by the EU. The government supports the view that EU member states should have the right to decide for themselves whether or not to allow growing biotech crops on their soil or not, instead of having this decision made for them by the Commission. The government also commissioned a study in 2009 aimed at establishing that co-existence between bioengineered and conventional crops is impossible in Cyprus. The results of this study are expected in early 2011.

On January 15, 2009, the Ministerial Council adopted a “zero tolerance” policy for biotech seeds. Pursuant to that decision, the Ministry of Agriculture drafted legislation banning importation of any load of conventional seeds containing even a trace of biotech seeds. As of February 2011, the bill was in its final stages before being submitted to the House of Representatives for decision.

Additionally, the GOC is still trying to find a way to pass legislation (the first of its kind in the EU) requiring local stores to place all bioengineered products (defined as products with a biotechnology content above 0.9 percent) on separate shelves, under a sign clearly declaring them as containing genetically modified organisms. This legislation was originally passed by the Cyprus House of Representatives in 2007 but later repealed by the President of the republic of Cyprus on procedural grounds. As of writing (February 2011), the GOC Ministry of Health was about to resubmit the bill to the Ministerial Council and then to the House of Representatives for approval. The European Commission has taken a position on whether it is compatible with EU labeling

and food safety laws. In the absence of Commission opposition, this bill is likely to pass in 2011, making this an important “pilot” case for the EU.

## Energy Services

The Government of Cyprus (GoC) established a Public Company for Natural Gas (PCNG). Its ownership is currently split between the GoC and the semi-governmental Electricity Authority of Cyprus (EAC) (56 – 44% respectively). In the future, there is the possibility for a private investment of 5% out of the GoC’s percentage to open the market to newcomers. On October 13, 2009 the Ministerial Board of the GoC appointed the PCNG Board of Directors. Its Chair was until recently the Energy Regulator serving under the Cyprus Energy Regulatory Authority and was previously the General Manager of the EAC. The PCNG will have a monopoly over the purchase, importation, processing, and sale of natural gas through a land-based LNG terminal in the Vasilikos area of Cyprus. The EAC’s participation in PCNG reinforces its overwhelmingly dominant position in the energy sector. The EAC’s effective control over natural gas prices and power distribution could adversely affect foreign power suppliers.

## Investment restriction in media companies

Cyprus restricts non-EU ownership of local mass media companies to 5 percent or less for individual investors and 25 percent or less for all foreign investors in each individual media company.

## Construction

Under the Registration and Control of Contractors Laws of 2001 and 2004, the right to register as a construction contractor in Cyprus is reserved for citizens of EU Member States. Non-EU entities are not allowed to own a majority stake in a local construction company. Non-EU natural persons or legal entities may bid on specific construction projects, but only after obtaining a special license from the Cypriot Council of Ministers.

## Professional recognition of real estate agents

The current law licensing real estate agents to practice in Cyprus, last amended in 2010, creates some barriers to entry into the profession. The law recognizes only licensed individuals (not companies) to act as authorized real estate entities and licenses are only granted to individuals who have served as apprentices to licensed individuals for up to five years (changed from eight years). Existing real estate agents are trying to use the law to restrict new entrants in the local real estate market. To obtain a license to practice real estate in Cyprus, an individual must seek approval from the Licensing Board, which is made up of seven members, four of whom are real estate agents. The government of Cyprus revised the law after the European Commission found it overly restrictive.

## Professional recognition of medical doctors

As of October 2007, Cyprus complies fully with EU Directive 2005/36, allowing doctors who are either EU citizens or spouses of EU citizens to register to practice medicine in Cyprus. Doctors from non-EU countries can register only in “extreme cases.”

European Union:

The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily.

Many EU member states maintain their own list of goods subject to import licensing. . For information relevant to member state import licenses, please consult the relevant member state Country Commercial Guide:

#### *Import Documentation*

##### *Non-agricultural Documentation*

The official model for written declarations to customs is the Single Administrative Document (SAD). European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. However, other forms may be used for this purpose. Information on import/export forms is contained in Title VII, of Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

Additional information on import/export documentation can be found in Title III, of Council Regulation (EEC) No. 2913/92 of October 12, 1992, establishing the Community Customs Code (Articles 37 through 57). Goods brought into the customs territory of the Community are, from the time of their entry, subject to customs supervision until customs formalities are completed.

Goods presented to customs are covered by a summary declaration, which is lodged once the goods have been presented to customs. The customs authorities may, however, allow a period for lodging the declaration, which cannot be extended beyond the first working day following the day on which the goods are presented to customs. The summary declaration can be made on a form corresponding to the model prescribed by the customs authorities. However, the customs authorities may permit the use, as a summary declaration, of any commercial or official document that contains the particulars necessary for identification of the goods. It is encouraged that the summary declaration be made in computerized form.

The summary declaration is to be lodged by:



- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- the person in whose name the person referred to above acted.

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

- 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
- 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension of the period.

The Modernized Customs Code (MCC) of the European Union is expected to be fully put into place by 2013 although there are concerns that this deadline may be missed due to the complexity of the project. Some facets of the MCC implementation have already been put into place such as EU wide Economic Operators Registration and Identification (EORI) numbers. The MCC will replace the existing Regulation 2913/92 and simplify various procedures such as introducing a paperless environment, centralized clearance, and more. Check the EU's Customs website periodically for updates:

[http://ec.europa.eu/taxation\\_customs/customs/procedural\\_aspects/general/community\\_code/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm).

## *REACH*

REACH is a major reform of EU chemicals policy that was adopted in December 2006 and became national law in the 27 EU member states in June 2007 (Regulation 1907/2006). Virtually every industrial sector, from automobiles to textiles, is affected by the new policy. REACH stands for the "Registration, Evaluation and Authorization and Restriction of Chemicals." Since June 1, 2008, REACH requires chemicals produced or imported into the EU in volumes above 1 ton per year to be registered with a central European Chemicals Agency (ECHA), including information on their properties, uses and safe ways of handling them. Chemicals pre-registered before December 1, 2008, benefit from extended registration deadlines, from three to eleven years depending on the volume of the substance and its hazardous properties. U.S. companies without a presence in Europe cannot register directly and must have their chemicals registered through their importer or EU-based 'Only Representative of non-EU manufacturer'. A list of Only Representatives can be found on the website of the U.S. Mission to the EU: <http://www.buyusa.gov/europeanunion/reach.html>.

U.S. exporters to the EU should carefully consider the REACH 'Candidate List' of substances of very high concern. Substances on that list are subject to communication requirements, and, at a later stage, may require authorization for the EU market. For more information, see the ECHA website:

[http://echa.europa.eu/chem\\_data/authorisation\\_process/candidate\\_list\\_table\\_en.asp](http://echa.europa.eu/chem_data/authorisation_process/candidate_list_table_en.asp)

## *WEEE & RoHS*

EU rules on Waste Electrical and Electronic Equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. They require U.S. exporters to register the products with a national WEEE authority, or arrange for this to be done by a local partner. Similarly, related rules for RE Restricting the Use of Hazardous Substances (RoHS) lead, cadmium, mercury, hexavalent chromium, PBBs, and PBDEs, do not entail customs or importation paperwork. However, U.S. exporters may be asked by a European RoHS enforcement authority or by a customer to provide evidence of due diligence in compliance with the substance bans on a case-by-case basis. The WEEE and RoHS Directives are currently being revised to enlarge the scope and add substances to be banned in electrical and electronic equipment; U.S. exporters seeking more information on WEEE and RoHS regulations should visit: <http://www.buyusa.gov/europeanunion/weee.html>

## *Agricultural Documentation*

**Phytosanitary Certificates:** Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

**Sanitary Certificates:** For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). The vast majority of these certificates are uniform throughout the EU, but the harmonization process is not complete. During this transition period, certain member state import requirements continue to apply. In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes. Up-to-date information on harmonized import requirements can be found at the following website: <http://www.fas.usda.gov/posthome/Useu/certificates-overview.html>

**Sanitary Certificates (Fisheries):** In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. Commission Decision 2006/199/EC lays down specific conditions on imports of fishery products from the U.S. Unlike for fishery products, the U.S. shellfish sanitation system is not equivalent to EU's one. The EU and the U.S. are currently negotiating a veterinary equivalency agreement on shellfish. In the meantime the EU has put a ban in place since July 1, 2010, that prohibits the import of U.S. bivalve mollusks, in whatever form, into the EU territory. This ban doesn't apply to wild roe-off scallops.

With the implementation of the second Hygiene Package, aquaculture products coming from the United States must be accompanied by a public health certificate according to Commission Decision 2006/199/EC and the animal health attestation included in the new fishery products certificate, covered by Regulation (EC) 1250/2008. This animal health attestation is not required in the case of live bivalve mollusks intended for immediate human consumption (retail).

Since June 2009, the unique U.S. competent authority for issuing sanitary certificates for fishery and aquaculture products is the U.S. Department of Commerce, National Marine Fisheries Service (NOAA-NMFS).

In addition to sanitary certificates, all third countries wishing to export fishery products to the EU are requested to provide a catch certificate. This catch certificate certifies that the products in question have been caught legally.

For further information on the issuance of this specific certificate please see the link below.

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU ([stephane.vrignaud@trade.gov](mailto:stephane.vrignaud@trade.gov)) or visit the following NOAA dedicated web site: [http://www.seafood.nmfs.noaa.gov/EU\\_Export.html](http://www.seafood.nmfs.noaa.gov/EU_Export.html)

The GOC Department of Customs requires the following documents for clearing products originating from non-EU countries: delivery order for the goods, an invoice and a packing list. Various other documents according to the nature of each import will be required. A health certificate and ingredients' list is required for imported food products. Additional information for business and trade is available from Customs' website:

[http://www.mof.gov.cy/mof/customs/customs.nsf/ced04\\_en/ced04\\_en?opendocument](http://www.mof.gov.cy/mof/customs/customs.nsf/ced04_en/ced04_en?opendocument)

Area Administered by Turkish Cypriots:

Firms wishing to engage in the import business in the area administered by Turkish Cypriots must register with the Chamber of Commerce or with the Chamber of Industry. They must also obtain an import permit from the "Department of Trade" in the "Ministry of Economy and Energy."

## **U.S. Export Controls**

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Exports of U.S. military goods to Cyprus are prohibited. Additionally, U.S. products that are considered dual-use items are restricted and may require an Export License from the appropriate U.S. authority (U.S. Department of Commerce or U.S. Department of Defense, etc depending on the item).

## **Temporary Entry**

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Government Controlled Area:

The temporary entry of goods allows for importation without payment of duty. This facility is extended to motor vehicles, goods for processing or repair prior to their re-exportation, goods for exhibition, and commercial samples, provided they do not change their form or character. The initial temporary entry permit, obtained at the time of importation, is valid for three months and can be extended by application to Customs headquarters. Additional information is available from the GOC Department of Customs' website:

<http://www.mof.gov.cy/mof/customs/customs.nsf/All/8AF9C47B94C88F2F4225778C003A0859?OpenDocument>

## **Labeling and Marking Requirements**

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Background on the European Union:

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at:  
[http://www.buyusainfo.net/docs/x\\_4171929.pdf](http://www.buyusainfo.net/docs/x_4171929.pdf).

Government-Controlled Area:

Since 1997, food products in Cyprus must comply with a strict law on the labeling of food products, requiring that the product name, ingredients, net contents, and country of origin be in the Greek language, in line with EU norms. A sticker with a Greek translation on the product is acceptable, provided it does not conceal the original label and it has the approval of the Ministry of Commerce, Industry, and Tourism. Additional information may be obtained directly from the Ministry of Commerce, Industry, and Tourism website:

[http://www.mcit.gov.cy/mcit/mcit.nsf/dmlindex\\_en/dmlindex\\_en?OpenDocument](http://www.mcit.gov.cy/mcit/mcit.nsf/dmlindex_en/dmlindex_en?OpenDocument)

The "Safety of Consumer Products Law" of 1994 outlines the legal responsibilities of those involved in the production or distribution of consumer products requiring safety warnings (including household appliances, pharmaceuticals, and many other products). One of these responsibilities concerns the proper labeling and packaging of consumer products to render them completely safe to the public. This includes having the necessary safety warnings for consumer products in Greek. The Government has redoubled efforts for stricter enforcement of the law.

Area Administered by Turkish Cypriots:

Labeling and marking requirements are much looser in north Cyprus than in the government-controlled area and are not yet in line with EU norms. For example, mandatory labeling in Turkish is not a requirement for imported products, as long as the label is in English or one of the other main European languages.

## **Prohibited and Restricted Imports**

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The TARIC is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

|       |   |
|-------|---|
| CITES | Convention on International Trade of Endangered Species |
| PROHI | Import Suspension                                       |

## RSTR Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

:

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

### Government Controlled Area:

The importation of certain items is prohibited. The principal ones are listed below:

- Rifles and repeating firearms, automatic and semi-automatic, repeating and semi-repeating shotguns, air guns, air rifles, and air pistols of a caliber exceeding 0.177 inches;
- Narcotics;
- Seditious publications;
- Counterfeit or false coins or currency notes;
- Goods bearing a false trade mark;
- Agricultural products, such as fresh vegetables, fruits, and plants without a phytosanitary certificate by the Ministry of Agriculture; and
- Dogs, cats, tropical fish, parrot and other birds may be imported into Cyprus after the issuance of a special permit from the Director of the Veterinary Services.

Additional information is available from the GOC Department of Customs' website:

<http://www.mof.gov.cy/mof/customs/customs.nsf/All/CA64DD718E077D17C22572A6003C4E5E?OpenDocument>

### Area Administered by Turkish Cypriots:

Importation of the following items is prohibited:

- Rifles and repeating firearms, automatic and semi-automatic, repeating and semi-repeating shotguns;
- Narcotics;
- Products containing asbestos;
- Counterfeit or false coins or currency notes;
- Agricultural products also grown or produced in north Cyprus, such as in-season fresh produce, dairy products (such as yogurt or halloumi cheese) and poultry. Turkish Cypriot authorities will allow importation of fresh produce not grown domestically or out of season, provided the shipment has a certificate of origin;
- UK origin animal products are subject to restrictions due to concerns about mad cow disease;
- Domesticated animals may be imported subject to a brief quarantine period.

Background on the European Union:

Homepage of Customs and Taxation Union Directorate (TAXUD) Website

Key Link: [http://ec.europa.eu/taxation\\_customs/customs/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/index_en.htm)

Major Regulatory Efforts of the EC Customs and Taxation Union Directorate:

Electronic Customs Initiative – Deals with major EU Customs modernization developments to improve and facilitate trade in the EU member states. The electronic customs initiative is essentially based on the following three pieces of legislation:

- The [Security and Safety Amendment to the Customs Code](#), which provides for full computerization of all procedures related to security and safety;
- The Decision on the paperless environment for customs and trade ([Electronic Customs Decision](#)) which sets the basic framework and major deadlines for the electronic customs projects;
- The [modernized Community Customs Code](#) which provides for the completion of the computerization of customs

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/electronic\\_customs\\_initiative/electronic\\_customs\\_legislation/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm)

Customs Valuation – Most customs duties and value added tax (VAT) are expressed as a percentage of the value of goods being declared for importation. Thus, it is necessary to dispose of a standard set of rules for establishing the goods' value, which will then serve for calculating the customs duty. The EU imports in excess of two trillion euro worth of goods (year 2008 estimate). It is vitally important that the value of such commerce is accurately measured, for the purposes of:

- economic and commercial policy analysis,
- application of commercial policy measures,
- proper collection of import duties and taxes, and
- import and export statistics.

These objectives are met using a single instrument - the rules on customs value.

The EU applies an internationally accepted concept of '[customs value](#)'.

The value of imported goods is one of the three 'elements of taxation' that provides the basis for assessment of the customs debt, which is the technical term for the amount of duty that has to be paid, the other ones being the origin of the goods and the customs tariff.

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/declared\\_goods/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm)

Customs and Security – At the end of July 2003, the Commission presented to the Parliament and Council a series of measures to address security issues. These measures can be found in [two communications and a proposal for amending the Community Customs Code](#). This package brings together the basic concepts underlying the new security-management model for the EU's external borders, such as a harmonized risk assessment system. The security amendment to the Community Customs Code ([Regulation \(EC\) n° 648/2005 of 13 April 2005](#)) has been published in the Official Journal of the European Union on 4 May 2005. With this amendment the European Union introduces a number of measures to tighten security around goods

crossing international borders. The measures will mean faster and better-targeted checks. The results are positive for customs authorities, the public and Industry.

The measures cover three major changes to the Customs Code:

- require traders to provide customs authorities with information on goods prior to import to or export from the European Union (see [Pre Arrival / Pre Departure Declarations](#));
- provide reliable traders with trade facilitation measures see [Authorized Economic Operator](#) (AEO);
- introduce a mechanism for setting uniform Community risk-selection criteria for controls, supported by computerized systems.

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/customs\\_security/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm)

Contact Information at national customs authorities:

[http://ec.europa.eu/taxation\\_customs/taxation/personal\\_tax/savings\\_tax/contact\\_points/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm)

Government-Controlled Area:

Customs duties are regulated by a tariff system based on the Harmonized Commodity Description and Coding system . Goods are classified according to their composition, description and purpose, and carry various rates of duty. In addition to tariffs, the following products are subject to relatively steep excise taxes: fuel products, cars and motorcycles, fizzy soft drinks, smoked salmon, caviar, fur clothing, water faucets made of or coated by precious metals, crystal and porcelain products, imitation cheese (e.g. cheese made of soy substitutes). Notably, excise taxes apply to the above products regardless of origin (i.e. whether they originate from the EU or not, as well as for products made in Cyprus). Additionally, Cyprus imposes a 15 percent value added tax (VAT) on most goods and services (on foodstuffs and pharmaceuticals it is only 5 percent). The GOC Department of Customs has the following website:

[http://www.mof.gov.cy/mof/customs/ced.nsf/DMLsitemap\\_en/DMLsitemap\\_en?OpenDocument](http://www.mof.gov.cy/mof/customs/ced.nsf/DMLsitemap_en/DMLsitemap_en?OpenDocument)

Area Administered by Turkish Cypriots:

The harmonized system is also used in the area administered by Turkish Cypriots. However, tariffs in north Cyprus are not harmonized with the EU's CCT and they tend to be higher. A 16 percent VAT is imposed on most goods and services. The “Department of Customs” (The “Ministry of Finance”) has the following website:

<http://www.kktcmaliye.com/>

**Standards**

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## Overview

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European Union:

Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union standards created under the New Approach are harmonized across the 27 EU member states and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. For a list of new approach legislation, go to [http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm)

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations (mandatory) and technical standards (voluntary) might also function as barriers to trade if U.S. standards are different from those of the European Union.

### *Agricultural Standards*

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: <http://www.fas.usda.gov/posthome/Useu/>

There are also export guides to import regulations and standards available on the Foreign Agricultural Service's website: <http://www.fas.U.S.da.gov/posthome/Useu/>

Government-Controlled Area:

Cyprus, as a member of the EU, has adopted all European directives and standards. Cyprus has also transposed many EU directives into national law, such as the banking or patent legislation. Additionally, several semi-government organizations, such as the Cyprus Telecommunications Authority and the Electricity Authority of Cyprus, generally

require tendering companies to meet applicable International Standards Organization (ISO) standards.

Area Administered by Turkish Cypriots:

The area administered by Turkish Cypriots lags behind the government-controlled area in terms of harmonization with EU standards and directives, but some progress has been made due to efforts by the European Union Support Office operated by the EU Task Force for the Turkish Cypriot community and the EU Coordination Center which operates under the "Prime Ministry".

## Standards Organizations

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European Union:

EU standards setting is a process based on consensus initiated by Industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

- CENELEC, European Committee for Electrotechnical Standardization (<http://www.cenelec.eu/Cenelec/Homepage.htm>)
- ETSI, European Telecommunications Standards Institute (<http://www.etsi.org/>)
- CEN, European Committee for Standardization, handling all other standards (<http://www.cen.eu/cenorm/homepage.htm>)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the member states, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual member states standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away some of its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical legislation. Mandates can be checked on line at [http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm)

Due to the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Belarus, FYR Macedonia, and Turkey among others. Another category, called "partner standardization body" includes the standards organization of Australia, which is not likely to become a CEN member or affiliate for political and geographical reasons. Many other countries are targets of the EU's extensive technical assistance program, which is aimed at exporting EU standards and technical Regulations to developing countries, especially in the Mediterranean and Balkan countries, Africa, as well as programs for China and Latin America.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. CEN's "sectors" page provides an overview by sector and/or technical committee whereas CENELEC offers the possibility to search its database. ETSI's portal ([http://portal.etsi.org/Portal\\_Common/home.asp](http://portal.etsi.org/Portal_Common/home.asp)) leads to ongoing activities.

With the need to adapt more quickly to market needs, European standards organizations have been looking for "new deliverables" which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU legislation, expectations are that they will eventually serve as the basis for EU-wide standards.

Key Link: <http://www.cen.eu/cenorm/products/cwa/index.asp>

Government- Controlled Area:

In 2002, Cyprus introduced the Standardization, Accreditation and Technical Information Law (N.156 (I)/2002), assigning standardization activities to the Cyprus Organization for Standardization (CYS). This law aimed at ensuring the impartiality and integrity of the local system, while, at the same time, harmonizing with EU directives. The CYS is an autonomous organization, registered under private law, with the state as the only shareholder. A seven-member board governs it with participation from the government and the private sector.

The CYS is a full member of the ISO and the three main European standards organizations.

Additional information on CYS and its activities can be obtained from its website: <http://www.cys.org.cy>

Area Administered by Turkish Cypriots:

The "Cyprus Turkish Standards Institution" is in charge of standards in the area administered by Turkish Cypriots. No website is available but Director Mrs. Ayse Cosar can provide additional information on tel. 00-90-392-2279639 or 40.

**Conformity Assessment**

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European Union:

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. conformity assessment bodies in individual member states are listed in NANDO, the European Commission's website.

<http://ec.europa.eu/enterprise/newapproach/nando/>

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and CEN workshop agreements (CWA) Certification Rules. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

Government Controlled Area:

The Cypriot organization tasked with conformity assessment and accreditation issues is the Cyprus Organization for the Promotion of Quality. The following website provides additional information on this body and its scope:

<http://www.cys.mcit.gov.cy/english/main.html>

The list of conformity assessment bodies accredited in Cyprus are listed below:

<http://www.cys.mcit.gov.cy/english/accr1.html>

Additional information can be obtained also from:

<http://www.cys.mcit.gov.cy/eu/NAD>

## Product Certification

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Government Controlled Area:

The leading domestic certification body in Cyprus is the Cyprus Certification Company, a subsidiary of the CYS. <http://www.cycert.org.cy/>

Additionally, the following international quality system registration bodies have offices or affiliates in Cyprus (as listed in the ISO website:

[http://www.iso.org/iso/en/info/ISODirectory/Country/country\\_CY.html](http://www.iso.org/iso/en/info/ISODirectory/Country/country_CY.html)

- EUROCERT S.A. (Based in GREECE)
- GLC (Based in GERMANY)
- NQA (Based in UNITED KINGDOM)
- SGS-ICS (Based in SWITZERLAND)

Pursuant to the Single European Act, which was created to facilitate the free movement of goods and services within the EU but also with the rest of the world, the EU has issued a series of directives. Each of these directives covers a range of products and sets out the essential safety requirements that products (including imported products) must satisfy before they may be sold anywhere in the EU. Products covered by these directives must meet the requirements set out in the directives together with the standards issued under the authority of the directive. CE marking (Note: CE stands for "Communaute Europeenne") is a declaration that the product meets all the appropriate provisions of the relevant legislation implementing certain European directives. The following site offers additional information:

[http://europa.eu.int/comm/enterprise/newapproach/standardization/harmstds/index\\_en.html](http://europa.eu.int/comm/enterprise/newapproach/standardization/harmstds/index_en.html)

Additional information on CE marking and European as well as third-country notified bodies could be obtained from:

<http://europa.eu.int/comm/enterprise/nando-is/home/index.cfm>

U.S. companies interested in exporting to the EU are required to comply with CE marking requirements, wherever applicable, depending on the product. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. Navigating the complexities of the CE marking system is not easy – expert advice and local knowledge, in the form of a local agent, is often indispensable. The following background as how the present system has evolved may offer some help.

In the eighties, the EU launched the so called "New Approach" to streamline technical harmonization and the development of standards for certain product groups, including, among others, machinery, toys, construction products, electromagnetic compatibility, personal protective equipment, non-automatic weighing instruments, medical devices, gas appliances, hot water boilers, and radio and telecommunications terminal equipment (RTTE). Under the New Approach, Directives cover essential safety, health and environmental requirements. The Commission mandates the three regional European standards organizations, CEN, CENELEC and ETSI, to develop technical standards that are consistent with the essential requirements of EU Directives.

Cyprus follows closely and participates in the EU effort to harmonize standards for the internal market through the New Approach, which is still an ongoing project. All EU harmonized standards can be found on: <http://www.newapproach.org>

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE Mark and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the European Union. A manufacturer can choose not to use the harmonized EU standards but must then demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European

standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

Interestingly, the CE mark addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by EU Member State inspectors, the consumer may well perceive it as a quality mark.

The CE mark is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE mark, but rather on the declaration of conformity, the certificate of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Area Administered by Turkish Cypriots:

There is no requirement for CE marking in the area administered by Turkish Cypriots, except for Green Line Trade purposes.

## **Accreditation**

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European Union:

Independent test and certification laboratories, known as notified bodies, have been officially accredited by competent national authorities to test and certify to EU requirements.

"European Accreditation" (<http://www.european-accreditation.org/content/home/home.htm>) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

Government-Controlled Area:

The Cypriot organization tasked with conformity assessment and accreditation issues is the Cyprus Organization for the Promotion of Quality. The following website provides additional information on this body and its scope:

<http://www.cys.mcit.gov.cy/english/main.html>

## **Publication of Technical Regulations**

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Background on the European Union:

The Official Journal is the official gazette of the European Union. It is published daily on the internet and consists of two series covering draft and adopted legislation as well as

case law, studies by committees, and more (<http://eur-lex.europa.eu/JOIndex.do>). It lists the standards reference numbers linked to legislation ([http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm)).

National technical Regulations are published on the Commission's website [http://ec.europa.eu/enterprise/tris/index\\_en.htm](http://ec.europa.eu/enterprise/tris/index_en.htm) to allow other countries and interested parties to comment.

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT) Agreement to report to the WTO all proposed technical regulations that could affect trade with other member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect access to international markets. Register online at Internet URL: <http://tsapps.nist.gov/notifyU.S./data/index/index.cfm>

Government-Controlled Area:

The Cyprus Organization for the Promotion of Quality website offers useful information on technical regulations and notifications:

<http://www.cys.mcit.gov.cy/english/main.html>

## **Labeling and Marking**

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European Union:

Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of member states to require the use of the language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers.

[http://ec.europa.eu/enterprise/prepack/packsizes/packsizes\\_en.htm](http://ec.europa.eu/enterprise/prepack/packsizes/packsizes_en.htm)

The Eco-label

The EU eco-label is a voluntary label which U.S. exporters can display on products that meet high standards of environmental awareness. The eco-label is intended to be a marketing tool to encourage consumers to purchase environmentally-friendly products. The criteria for displaying the eco-label are strict, covering the entire lifespan of the



product from its manufacture, use, and disposal. These criteria are reviewed every three to five years to take into account advances in manufacturing procedures. There are currently twenty-three different product groups, and approximately 250 licenses have been awarded for several hundred products.

Applications to display the eco-label should be directed to the competency body of the member state in which the product is sold. The application fee will be somewhere between €300 and €1300 depending on the tests required to verify if the product is eligible. The eco-label also carries an annual fee equal to 0.15% of the annual volume of sales of the product range within the European community. However, the minimum annual fee is currently set at €500 and maximum €25,000.

There are plans to significantly reform the eco-label in the near future, reducing the application and annual fees and expanding the product ranges significantly. It is also possible that future eligibility criteria may take into account carbon emissions.

## **Contacts**

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Additional information on standards and labeling may be obtained from:

Mr. Marios Drousiotis  
Senior Commerce and Industry Officer  
Competition and Consumer Protection Service  
Ministry of Commerce, Industry & Tourism  
CY-1421 Nicosia  
CYPRUS  
Tel. +357-22-867108  
E-mail: [mdrousiotis@mcit.gov.cy](mailto:mdrousiotis@mcit.gov.cy)

Or

Mr. George F. Demetriou  
Economic Specialist  
American Embassy  
CY-1385 Nicosia  
CYPRUS  
Tel. +357-22-393361  
E-mail: [DemetriouGF@state.gov](mailto:DemetriouGF@state.gov)  
Website: <http://cyprus.usembassy.gov>

## **Trade Agreements**

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European Union:

For a list of trade agreements with the EU and its member states, as well as concise explanations, please see [http://tcc.export.gov/Trade\\_Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp).

The European Commission's website offers additional information:

[http://europa.eu/pol/comm/index\\_en.htm](http://europa.eu/pol/comm/index_en.htm)



**Cyprus-specific websites:**

Cyprus Organization for Standardization (CYS)

<http://www.cys.org.cy>

Cyprus Organization for the Promotion of Quality

<http://www.cys.mcit.gov.cy>

Cyprus Certification Company, a subsidiary of the CYS

<http://www.cycert.org.cy/>

Department of Customs

[http://www.mof.gov.cy/mof/customs/\\_bccj6ap3geg\\_.nsf/Main?OpenFrameSet](http://www.mof.gov.cy/mof/customs/_bccj6ap3geg_.nsf/Main?OpenFrameSet)

**EU websites:**

Online customs tariff database (TARIC):

[http://ec.europa.eu/taxation\\_customs/common/databases/taric/index\\_en.htm](http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm)

The Modernized Community Customs Code MCCC):

[http://ec.europa.eu/taxation\\_customs/customs/procedural\\_aspects/general/community\\_code/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm).

ECHA: [http://echa.europa.eu/doc/press/pr\\_08\\_38\\_candidate\\_list\\_20081028.pdf](http://echa.europa.eu/doc/press/pr_08_38_candidate_list_20081028.pdf)

Taxation and Customs Union:

[http://ec.europa.eu/taxation\\_customs/customs/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/index_en.htm)

Regulation (EC) 648/2005:

Security and Safety Amendment to the Customs Code

Decision N° 70/2008/EC:

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/electronic\\_customs\\_initiative/electronic\\_customs\\_legislation/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm)

Regulation (EC) 450/2008):

Modernized Community Customs Code

Legislation related to the Electronic Customs Initiative:

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/electronic\\_customs\\_initiative/electronic\\_customs\\_legislation/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm)

International Level:

Customs value

What is Customs Valuation?

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/declared\\_goods/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm)

Customs and Security:

Two communications and a proposal for amending the Community Customs Code  
[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/customs\\_security/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm)

Establishing the Community Customs Code:

[Regulation \(EC\) n° 648/2005 of 13 April 2005](#)

Pre Arrival/Pre Departure Declarations: [Pre Arrival / Pre Departure Declarations](#)

AEO: [Authorized Economic Operator](#)

Contact Information at National Customs Authorities:

[http://ec.europa.eu/taxation\\_customs/taxation/personal\\_tax/savings\\_tax/contact\\_points/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm)

New Approach Legislation: [http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm)

Cenelec, European Committee for Electrotechnical Standardization:

<http://www.cenelec.eu/Cenelec/Homepage.htm>

ETSI, European Telecommunications Standards Institute:

<http://www.etsi.org/>

CEN, European Committee for Standardization, handling all other standards:

<http://www.cen.eu/cenorm/homepage.htm>

Standardisation – Mandates:

[http://ec.europa.eu/enterprise/standards\\_policy/mandates/](http://ec.europa.eu/enterprise/standards_policy/mandates/).

[http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm)

ETSI – Portal – E-Standardisation :

[http://portal.etsi.org/Portal\\_Common/home.asp](http://portal.etsi.org/Portal_Common/home.asp)

CEN – Sector Fora:

<http://www.cen.eu/cenorm/sectors/index.asp>

Nando (New Approach Notified and Designated Organizations) Information System:

<http://ec.europa.eu/enterprise/newapproach/nando/>

Mutual Recognition Agreements (MRAs):

<http://ts.nist.gov/Standards/Global/mra.cfm>

European Co-operation for Accreditation:

<http://www.european-accreditation.org/content/home/home.htm>

Eur-Lex – Access to European Union Law:

<http://eur-lex.europa.eu/en/index.htm>

Standards Reference Numbers linked to Legislation:

[http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm)  
<http://ec.europa.eu/enterprise/newapproach/standardization/harmstds/whatsnew.html>

National technical Regulations:

[http://ec.europa.eu/enterprise/tris/index\\_en.htm](http://ec.europa.eu/enterprise/tris/index_en.htm)

NIST - Notify U.S.: <http://tsapps.nist.gov/notifyU.S./data/index/index.cfm>

Metrology, Pre-Packaging – Pack Size:

[http://ec.europa.eu/enterprise/prepack/packsize/packsiz\\_en.htm](http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm)

European Union Eco-label Homepage:

[http://ec.europa.eu/comm/environment/ecolabel/index\\_en.htm](http://ec.europa.eu/comm/environment/ecolabel/index_en.htm)

Eco-Label Catalogue:

<http://www.eco-label.com/default.htm>

### **U.S. Websites:**

National Trade Estimate Report on Foreign Trade Barriers:

<http://www.ustr.gov/about-us/press-office/reports-and-publications/2009/2009-national-trade-estimate-report-foreign-trade>

Agricultural Trade Barriers:

<http://www.fas.usda.gov/posthome/Useu/>

Trade Compliance Center:

<http://www.trade.gov/tcc>

U.S. Mission to the European Union:

<http://www.buyusa.gov/europeanunion>

The New EU Battery Directive:

[http://www.buyusainfo.net/docs/x\\_8086174.pdf](http://www.buyusainfo.net/docs/x_8086174.pdf)

The Latest on REACH:

<http://www.buyusa.gov/europeanunion/reach.html>

WEEE and RoHS in the EU:

<http://www.buyusa.gov/europeanunion/weee.html>

Overview of EU Certificates:

<http://useu.usmission.gov/agri/certificates-overview.html>

Center for Food Safety and Applied Nutrition:

<http://www.cfsan.fda.gov/>

EU Marking, Labeling and Packaging – An Overview

[http://www.buyusainfo.net/docs/x\\_4171929.pdf](http://www.buyusainfo.net/docs/x_4171929.pdf).

The European Union Eco-Label:

[http://buyusainfo.net/docs/x\\_4284752.pdf](http://buyusainfo.net/docs/x_4284752.pdf)

Trade Agreements:

[http://tcc.export.gov/Trade\\_Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp)

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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#### Government-Controlled Area:

Cyprus, a full EU member since May 1, 2004, has a liberal climate for investment. Best prospects for U.S. firms generally lie in the energy sector and alternative energy source generation, while the possible existence of natural gas and petroleum reserves off the southern and eastern coast of Cyprus opens up new opportunities. U.S. food & beverage and other franchises and apparel licensors are also finding fertile ground for expansion in Cyprus. Other areas with great potential are found in shipping, services, high technology sectors, such as computer equipment and data processing services, financial services, environmental protection technology, medical and telecommunications equipment, and tourism development projects.

International companies may invest and establish business in Cyprus on equal terms with local investors in most sectors. Foreign investors can register a company directly with the Registrar of Companies, and are eligible to obtain any license, if needed, from the appropriate authority depending on the nature of investment.

Since 2004, the GOC has eliminated most capital restrictions and limits on foreign equity participation or ownership, thereby granting national treatment to investors outside the EU. Non-EU investors (both natural and legal persons) may now invest freely in Cyprus in most sectors, either directly or indirectly (including all types of portfolio investment in the Cyprus Stock Exchange). The only exceptions concern the acquisition of property and, to a lesser extent, ownership restrictions on investment in the sectors of tertiary

education, mass media, banking and construction (see "Right to Private Ownership and Establishment").

There is no mandatory screening of foreign investment. Foreign investors can register a company directly at the Registrar of Companies through qualified accountants or lawyers, a procedure identical to that for local residents. Similarly, foreign investors may now acquire shares in an existing Cypriot company directly, without prior authorization by the Central Bank. They are expected, however, to inform the Registrar of Companies about any change in ownership status. Foreign investors are required to obtain all permits that may be necessary under Cypriot law to do business in Cyprus. For example, they may need to obtain a municipal permit to set up a kiosk or abide by prevailing health standards to own and operate a catering company, etc. Furthermore, non-EU residents wishing to take up employment in Cyprus must obtain work permits issued by the Migration Department.

In 2007, the GOC established the Cyprus Investment Promotion Agency (CIPA) tasked with attracting foreign investment, advising foreign investors, and providing assistance to them. The CIPA operates as a private organization reporting to the Ministry of Commerce, Industry, and Tourism and works in tandem with the "Point of Single Contact," under the same ministry. Through these two organizations, Cypriot authorities offer expedited processing by other GOC departments for larger projects (over USD 2.5 million) in line with Cyprus' economic development goals and objectives. Additional information, including information on expedited treatment of investment applications can be obtained from the two organizations directly:

Point of Single Contact  
Ministry of Commerce, Industry & Tourism  
13-15 Andreas Araouzos  
1421 Nicosia  
Cyprus  
Tel. +357 22 409433, or 328  
Fax: +357 22 409432  
Email: [onestopshop@mcit.gov.cy](mailto:onestopshop@mcit.gov.cy)  
Website: [www.businessincyprus.gov.cy](http://www.businessincyprus.gov.cy)

Cyprus Investment Promotion Agency  
Severis Building  
9 Makariou III Ave.  
4th Floor  
Nicosia  
1065 Cyprus  
Tel.: +357 22 441133  
Fax :+357 22 441134  
E-mail: [info@cipa.org.cy](mailto:info@cipa.org.cy)  
Website: [www.cipa.org.cy](http://www.cipa.org.cy)

### Registering a Company

The process of registering a company involves submitting an application for the approval of the legal entity's name at the Registrar of Companies or at the Point of Single Contact for a small fee (slightly more for an accelerated procedure). The applicant may submit

the form in person, through a lawyer or by mail accompanied by a check in the name of the Registrar of Companies. The company names already registered in Cyprus may be reviewed by visiting the following website:

[http://www.mcit.gov.cy/mcit/drcor/drcor.nsf/index\\_en/index\\_en?opendocument](http://www.mcit.gov.cy/mcit/drcor/drcor.nsf/index_en/index_en?opendocument)

After securing the legal entity's name, the relevant documents for the legal entity's registration (i.e. Memorandum of Understanding, Articles of Association, etc.) are to be submitted depending on the type of the legal form of the entity. In case of registering a company (private or public) the documents are to be submitted through a lawyer practicing in Cyprus. For a complete list of lawyers, please visit the Cyprus Bar Association's website:

[www.cyprusbarassociation.org](http://www.cyprusbarassociation.org)

Different types of legal entities may be registered at the Department of Registrar of Companies and Official Receiver. These types include: Company (private or public), Branch Company, General or Limited partnership, European Company and Business Name. Additional information on "Establishing a Business" is available from:

<http://www.cipa.org.cy/establishing-business-cyprus/>

Area Administered by Turkish Cypriots:

Since 1974, the southern part of Cyprus has been under the control of the Government of the Republic of Cyprus, while the northern part has been administered by a Turkish Cypriot administration, which proclaimed itself the "Turkish Republic of Northern Cyprus" ("TRNC") and has not been recognized by any country except for Turkey. Turkish Cypriot authorities actively encourage foreign investment, giving preference to foreign investments facilitating the transfer of modern technology, technical skills and new management technologies, as well as investment in export-oriented industries. There are no particular restrictions for specific sectors, except for projects deemed threatening to "national security." Complications arising, however, from the lack of international recognition of the "TRNC" and the continuing non-resolution of the Cyprus problem, especially regarding property, should be taken into consideration by the foreign investor (see section on "Protection of Property Rights" for additional information).

The authorities in the area administered by Turkish Cypriots established YAGA – the Turkish Cypriot Investment Development Agency – in 2007 with the aim of creating a one-stop-shop for both local and foreign investors.

"North Cyprus Investment Development Agency"

Tel: 90 392 228 9378

Website: <http://www.investinnorthcyprus.org>

E-mail: [mehmet.yildirim@investinnorthcyprus.org](mailto:mehmet.yildirim@investinnorthcyprus.org)

In recent years, Cyprus has progressively lifted restrictions on the transfer of funds in and out of the country pertaining to foreign investors. Currently, there are no restrictions on remittances for investment capital, earnings, loan repayments, lease payments or other business transactions.

Area Administered by Turkish Cypriots:

There is no limitation on the transfer of goods and proceeds from the area administered by Turkish Cypriots. Foreign investors have the right to take part in the operation and/or management of a company, to repatriate all investments and all capital (if anticipated in the initial article of association of the company), to take part in profits, and to transfer and reinvest profits, including the trade of currency. The foreign investor may make use of all the rights guaranteed by the domestic legal framework.

## **Expropriation and Compensation**

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Government-Controlled Area:

In the government-controlled area, nationalization has never been government policy and it is not contemplated in the future. Private property is only expropriated for public purposes in a non-discriminatory manner and in accordance with established principles of international law. In cases where expropriation is necessary, due process is followed and there is transparency of purpose. Investors and lenders to expropriated entities receive compensation in the currency in which the investment is made. In the event of any delay in the payment of compensation, the Government is also liable for the payment of interest based on the prevailing 6-month LIBOR for the relevant currency.

Area Administered by Turkish Cypriots:

The "TRNC constitution" guarantees the right of private property in the area administered by Turkish Cypriots and does not discriminate between citizens and aliens. Turkish Cypriot authorities state that nationalization has never been part of their policy and that they do not contemplate any such action in the future. However, Turkish Cypriot authorities do not grant any protection for Greek Cypriot properties in the north. For information pertaining to the risks associated with investing in Greek Cypriot property in the north or in Turkish Cypriot property in the government-controlled area, please see the section on "Protection of Property Rights."

The 1974 events have resulted in a number of claims of U.S. persons in the area administered by Turkish Cypriots, even though U.S. interests were not specifically targeted. The most well-known case concerns a U.S. copper mining company that was forced to terminate its operations in 1974. The company's property and assets were confiscated in 1975 without compensation by military and civilian authorities representing Turkey and the Turkish Cypriot administration.

Private property can be expropriated for public purposes and due process is followed where investors are entitled to compensation. Foreign investors have the legal right to claim any damages that have been made by non-legal means or by incorrect performance of responsibilities by state representatives of governmental bodies.



## **Dispute Settlement**

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### **Government-Controlled Area:**

There have been no cases of investment disputes or outstanding expropriation/nationalization cases in recent years. Effective means are available for enforcing property and contractual rights. Under the Arbitration Law of Cyprus, an arbitrator is appointed when the parties' attorneys cannot settle a dispute between the parties to an agreement. The court may enforce an arbitral award in the same way as a judgment. In 1979, Cyprus became a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards and a foreign award may be enforced in Cyprus by an action in common law. Cyprus is also a signatory to the Convention on the Settlement of Disputes between States and Nationals of Other States.

### **Area Administered by Turkish Cypriots:**

The foreign investor may make use of all the rights guaranteed by the domestic legal framework.

## **Performance Requirements and Incentives**

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### **Government-Controlled Area:**

Cyprus offers many advantages to foreign investors, including a strategic geographical location, favorable business climate, low corporate and personal tax rates, relatively stable macroeconomic environment, modern legal, banking, and financial systems, excellent telecommunications and infrastructure, a highly-educated labor force, and widespread knowledge of English. These advantages have encouraged thousands of foreign investors to set up companies in Cyprus, structuring their investments through a holding company on the island or investing here directly. As a result, the number of annual company registrations continues to grow, particularly since EU accession in 2004.

A low level of taxation is one of Cyprus's major advantages. At 10 percent, Cyprus (and, more recently, Bulgaria) has the lowest corporate tax rate currently in the EU. Cyprus' other tax advantages include:

- one of the EU's lowest top statutory personal income tax rates at 30 percent;
- an extensive double tax treaties network with over 40 countries, enabling lower withholding tax rates on dividend or other income received from the subsidiaries abroad;
- no withholding tax on dividend income received from subsidiary companies abroad under certain conditions;
- no withholding tax on dividends received from EU subsidiaries.

A full description of Cyprus's investment incentives will be available soon from the following website, currently under construction:

Website: [www.businessincyprus.gov.cy](http://www.businessincyprus.gov.cy)

Cyprus does not have a rigid system of performance requirements for foreign investment across the board and has signed the WTO's Trade-Related Investment Measures (TRIMS) agreement. Applications by non-EU residents for investment in Cyprus are judged on their own merit.

#### Area Administered by Turkish Cypriots:

The area administered by Turkish Cypriots offers generous incentives for investing on "state property." Specifically, after an initial screening, investments granted an Incentive Certificate may benefit from the leasing of "state-owned" land and buildings at very preferential rates.

However, prospective investors should be knowledgeable about the risks associated with the purchase, lease or use of property. The "TRNC Constitution" -- Article 159 (1) (b), May 7, 1985 -- defines "state property" as: "All immovable properties, buildings and installations which were found abandoned on 13 February 1975 when the "Turkish Federated State of Cyprus" was proclaimed or which were considered by law as abandoned or ownerless after the above-mentioned date, or which should have been in the possession or control of the public even though their ownership had not yet been determined ... and ... situated within the boundaries of the "TRNC" on 15 November 1983 ... notwithstanding the fact that they are not so registered in the books of the Land Registry Office."

The Republic of Cyprus outright rejects such claims and, specifically, it does not recognize title changes effected in the north by the Turkish Cypriot administration since 1974. As stated under the "Protection of Property Rights" section of this report, potential investors should be cautious and obtain independent legal advice concerning purchasing or leasing property in the north.

The area administered by Turkish Cypriots also offers the following investment incentives:

-- Investment Allowance. The "TRNC State Planning Organization (SPO)" offers an investment allowance in the form of Incentive Certificates equivalent to: (a) 200 percent on the initial fixed capital investment for investments in Priority Development Regions, such as the regions of Guzelyurt (Morphou) and Karpaz (Karpasia) and (b) 100 percent on the initial fixed capital investment in other sectors.

-- Exemption from Custom Duties and Funds. Importation of machinery and equipment for an investment project are exempt from every kind of custom duty, in accordance with the Incentive Certificate. Regulations on importation of raw materials and semi-finished goods are specified by the "Prime Ministry" and subject to the approval of the "Council of Ministers."

-- Zero VAT Rate. Both imported and locally purchased machinery and equipment is subject to a zero VAT rate, in accordance with the Incentive Certificate.

-- Fund Credits. Long term and low rate investment credits are available from the Investment and Export Incentive Fund.

-- Exemption from Construction License Fee and Reduced Mortgage Fees. Investments granted an Investment Certificate are exempt from all kinds of construction license fees and taxes and also benefit from reduced stamp duty and mortgage fees.

-- Other Tax Allowances. (a) A 50 percent allowance is given on the Initial Investment Allowance. This rate can increase up to 100 percent for priority sectors and regions, with a "Council of Ministers" decision. (b) Annual wear and tear allowances for machinery and equipment (10 percent); motor vehicles (15-25 percent); industrial buildings and hotels (4 percent); shops and residences (3 percent), furniture and fixtures (10 percent). (c) Other tax allowances include a VAT exemption for exports of all goods and services and a 20 percent exemption from corporate tax for exports of goods and services.

-- "State owned" land and building lease.

-- Fund credits.

The North Cyprus Investment Development Agency was created in late 2007 with the responsibility of approving all investment and providing incentives. Contact information:

"North Cyprus Investment Development Agency"

Tel: 90 392 228 9378

Website: <http://www.investinnorthcyprus.org>

E-mail: [mehmet.yildirim@investinnorthcyprus.org](mailto:mehmet.yildirim@investinnorthcyprus.org)

## **Right to Private Ownership and Establishment**

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Government-Controlled Area:

Aside from real estate acquisition issues, outlined in the next section, several other restrictions infringe on the foreign investor's right to private ownership and establishment in Cyprus. For example, current Cypriot legislation restricts ownership of local electronic mass media companies (e.g. TV and radio stations but excluding print media) to a ceiling of 25 percent of each local media company for EU investors, and to just 5 percent of each local media company for non-EU investors.

Under the Registration and Control of Contractors Laws of 2001 and 2004, the right to register as a building contractor in Cyprus is reserved for citizens of EU member states. Non-EU entities are not allowed to own a majority stake in a local construction company. Non-EU physical persons or legal entities may bid on specific construction projects but only after obtaining a special license by the Council of Ministers.

There is a restriction applying equally to Cypriot as well as foreign investors regarding investment in the banking sector. The Central Bank's prior approval is necessary before any individual person or entity, whether Cypriot or foreign, can acquire over 9.99 percent of a bank incorporated in Cyprus (whether listed on the Cyprus Stock Exchange or not).

Area Administered by Turkish Cypriots:

Registered foreign investors may buy property for investment purposes. Foreign natural persons also have the option of forming private liability companies and foreign investors can form mutual partnership with one or more foreign or domestic investors.

## **Protection of Property Rights**

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### **Government-Controlled Area:**

Cypriot law imposes significant restrictions on the foreign ownership of real estate by non-EU residents. Non-EU persons and entities may purchase only a single piece of real estate (not to exceed three donums, or roughly one acre) for private use (normally a holiday home). Exceptions can be made for projects requiring larger plots of land (i.e., beyond that necessary for a private residence), but they are difficult to obtain and are rarely granted.

Specifically, the Acquisition of Real Estate (Aliens) Cap and the Amending Laws of 2003, in force since May 1, 2004, provides that non-EU member State citizens, legal entities registered in non-EU countries, and EU registered legal entities controlled by non-EU citizens (as per the definition below), can acquire real estate subject to the approval of the relevant District Administration Offices. In case the real estate concerned exceeds two donums (one donum = 1338 square meters), approval may be granted only for residential purposes (not exceeding an area of three donums), professional or commercial premises, and industrial sectors deemed beneficial for the Cypriot economy and relate to the production of products or the utilization of new technology and/or technological know-how.

The definition of a legal entity controlled by non-EU citizens is as follows:

- 50 percent or more of its board members are non-EU citizens;
- 50 percent or more of its share capital belongs to non-EU citizens;
- Control belongs by 50 percent or more to non-EU citizens;
- Either its Memorandum or Articles of Association provides authority to a non-EU citizen securing that the company's activities are conducted based on his/her will during the real estate acquisition period. In the case that the authority is provided to two or more persons, a legal entity is considered to be controlled by non-EU citizens if 50 percent or more of the people granted such authority are non-EU citizens.

For additional information and application forms for the acquisition of property by non-EU residents, the various District Administration Offices can be contacted through the Ministry of Interior website: <http://www.moi.gov.cy/da>

The legal requirements and procedures for acquiring and disposing of property in Cyprus are complex but professional help by real estate agents and developers can ease the burden of dealing with the GOC bureaucracy. This procedure involves Central Bank verification that funds from abroad are to be used by non-EU residents to purchase real estate. It also involves final approval by the Council of Ministers, which is given routinely for holiday homes.

The Government's Department of Lands and Surveys keeps records and follows internationally-accepted procedures (which have changed little since British colonial times). Non-residents are allowed to sell their property and transfer abroad the amount originally paid, plus interest or profits without restriction.

Investors are advised to consider the risks associated with Greek Cypriot property in the north and Turkish Cypriot property in the government-controlled area. Several high-profile cases have already been brought before the European Court of Justice and other international bodies, while other cases are still pending.

The following GOC website provides additional information on the risks of investing in the northern part of Cyprus:

[http://www.mfa.gov.cy/mfa/properties/occupiedarea\\_properties.nsf/index\\_en/index\\_en?OpenDocument](http://www.mfa.gov.cy/mfa/properties/occupiedarea_properties.nsf/index_en/index_en?OpenDocument)

There are restrictions to investing in Turkish Cypriot property in the government-controlled area of Cyprus. The Turkish Cypriot Property Management Service, established in 1991, administers properties of Turkish Cypriots who are not ordinarily residents of the government-controlled area. This service acts as the temporary custodian for such properties until a permanent solution is reached. The TCPMS is mandated to administer properties under its custodianship "in the manner most beneficial for the owner." Most importantly, ownership of TC properties cannot change (unless for inheritance purposes) except in exceptional cases when this is beneficial for the owner or necessary for the public interest.

On the intellectual property front, the Government-controlled area of Cyprus has a modern set of laws, which it continues to upgrade. Enforcement is typically quite diligent, although it could be improved further. The Adoption of the Copyright Law in 1994 and the subsequent adoption of the Patents Law in 1998 were important legal milestones in this context, helping Cyprus comply with its obligations under the WTO TRIPS agreement.

#### Area Administered by Turkish Cypriots:

Property remains one of the key outstanding issues that constitute the Cyprus problem. The absence of a political settlement and the lack of international recognition for the "TRNC" pose an inherent risk for the foreign investor interested in buying or leasing property in north Cyprus. Potential investors should be cautious and obtain independent legal advice concerning purchasing or leasing property in the north. Unless the property in question was in Turkish Cypriot hands prior to 1974, it will be very unlikely that the title to the land will be free and unchallengeable. Property issues will be at the heart of any settlement of the Cyprus problem and will involve the return of property and/or compensation to those displaced in 1974. The Republic of Cyprus does not recognize title changes in the north since 1974. Foreign buyers of land may also face legal challenges from those displaced in 1974 either in Republic of Cyprus courts or courts in their country of residence. In response to the ECHR's 2005 ruling in the *Xenides Arestis* case that Turkey's "subordinate local authorities" in Cyprus had not provided an adequate local remedy for claims, Turkish Cypriot authorities established an "Immovable Property Commission (IPC)" to handle claims (please see website below). In 2006, the ECHR ruled that the commission had satisfied "in principle" the ECHR's requirement for

an effective local remedy. In a March 2010 ruling, the ECHR recognized the IPC as a domestic remedy. The IPC had reportedly received 840 applications by the end of 2010. By the end of December 2010, 202 cases had been completed.

<http://www.northcyprusipc.org/>

On January 19, 2010, the UK Court of Appeal enforced an earlier court decision taken in the Government-controlled area backing a Greek Cypriot person's efforts to claim trespassing (the Orams case) effectively voiding property transfers of Greek Cypriot property in the Turkish Cypriot controlled sector. As a result of the ruling, the Orams -- a British couple, who had bought the land and built a holiday home on it -- have been ordered to pay compensation and court fees, demolish the home, halt all improvements on the property, and deliver it to its legal owner. This ruling by the Cypriot court is enforceable against the Oram's assets in the UK per the UK Court of Appeal and the European Court of Justice. Lawyers believe that the effect of this case is that assets of any individual in an EU member state could be attached in settlement of property cases in north Cyprus based on court decisions in the Republic of Cyprus.

The UK Foreign and Commonwealth Office website (<http://www.fco.gov.uk/en/about-the-fco/country-profiles/europe/cyprus>) notes:

“The ownership of many properties is disputed across the island, and particularly in northern Cyprus, with many thousands of claims to ownership of properties from people displaced during the events of 1974. Purchase of these properties could have serious financial and legal implications. The European Court of Human Rights has ruled in a number of cases that owners of property in northern Cyprus prior to 1974 should continue to be regarded as the legal owners of that property. Purchasers could face legal proceedings in the courts of the Republic of Cyprus, as well as attempts to enforce judgments from these courts elsewhere in the EU, including the UK. Potential purchasers should also consider that a future settlement could have consequences for property they purchase in Cyprus (including possible restitution of the property to its original owners).”

Foreign investors have the right to claim any damages that have been made by non-legal means or by incorrect performance of responsibilities by state representatives of governmental bodies, in accordance with the law.

Intellectual property rights are not adequately protected in the area administered by Turkish Cypriots, where laws in this area are inadequate and lacking enforcement.

## **Transparency of Regulatory System**

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### **Government-Controlled Area:**

In the government-controlled area, existing procedures and regulations affecting business (including foreign investment regulations, outlined in section A.1.) are generally transparent and applied in practice without bias.

In some cases, U.S. companies competing on government tenders have expressed concerns about lack of transparency and the appearance of bias in decisions made by the technical committees responsible for preparing specifications and reviewing tender



submissions. The U.S. Embassy monitors these tenders closely to ensure a level playing field for U.S. businesses.

#### Area Administered by Turkish Cypriots:

The area administered by Turkish Cypriots has made strides in recent years in terms of adopting a more transparent regulatory system. However, the level of transparency still lags behind European or U.S. standards. A common complaint among businessmen in north Cyprus is that the court system is overloaded, resulting in long delays.

### **Efficient Capital Markets and Portfolio Investment**

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#### Government-Controlled Area:

Cyprus has modern and efficient legal, banking and financial systems. EU accession on May 1, 2004 was instrumental in establishing an efficient capital market in Cyprus, through the abolition of such restrictions as the interest rate ceiling in 2001, and exchange controls for residents.

Credit to foreign and local investors alike is allocated on market terms. The private sector has access to a variety of credit instruments, which has been enhanced through the operation of private venture capital firms. The banking sector is generally sound and well-supervised.

The Cyprus Stock Exchange (CSE) was launched in 1996. The CSE is currently the EU's third-smallest stock exchange, ahead of Malta and Slovakia, with a capitalization of around Euros 7.3 billion (USD 10.7 billion) as of January 2010. Since 2006, the CSE and the Athens Stock Exchange (ASE) operate from a joint trading platform, allowing capital to move more freely from one exchange to the other, even though both exchanges retain their autonomy and independence. The joint platform has increased capital available to Cypriot firms and improved the CSE's liquidity.

Foreign investors may acquire up to 100 percent of the share capital of Cypriot companies listed on the CSE with the notable exception of companies in the banking sector. The Central Bank's prior approval is necessary before any individual person or entity, whether Cypriot or foreign, can acquire over 9.99 percent of a bank incorporated in Cyprus (whether listed on the CSE or not).

On January 1, 2008, Cyprus joined the Eurozone, adopting the Euro as the national currency. For a small country like Cyprus, this development has many significant long-term economic benefits, including a higher degree of price stability, reduction of currency conversion costs and exchange rate risk, and increased competition through greater price transparency. However, more than a year after adopting the Euro, Cyprus continued having stubbornly high interest rates (highest in the Eurozone in January 2010).

#### Area Administered by Turkish Cypriots:

The financial system in the area administered by Turkish Cypriots is linked closely with that of Turkey. The Turkish Lira (TL) is the main currency in use although the Euro, U.S. dollar and British Sterling are frequently used. The vast majority of borrowing comes

from domestic sources and Turkey. There is no stock exchange in the area administered by Turkish Cypriots.

Currently, there are 24 commercial banks plus a Development Bank operating. Seven are branches of Turkish banks. Total bank deposits were around USD 6 billion as of 2008.

## **Competition from State Owned Enterprises**

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Government-Controlled Area:

Cyprus has no Sovereign Wealth Fund but it does have about a dozen organizations exclusively or majority-owned by the State providing common utilities, and other essential services. These are autonomous organizations (commonly referred to locally as “Semi-Government Organizations”) but they are subject to control and supervision by the Executive, as well as the House of Representatives. The most important of these organizations are:

- Cyprus Airways
- Cyprus Broadcasting Corporation
- Cyprus Land Development Corporation
- Cyprus Ports Authority
- Cyprus Sport Organization
- Cyprus State Fairs Authority
- Cyprus Telecommunication Authority
- Cyprus Theatre Organization
- Cyprus Tourism Organization
- Electricity Authority of Cyprus
- Natural Gas Public Company of Cyprus

These organizations are active in different fields respectively, as suggested by their names, and each is different in terms of structure, scope, corporate culture, etc. They have independent boards of directors, typically including politically-affiliated individuals. They publish annual reports and submit their books to independent audits.

For more information on each of these organizations, please visit:

<http://www.cyprus.gov.cy/portal/portal.nsf/All/F2414109880E837BC2256FA3002FEA11?OpenDocument&a=1&z=>

For more information on the Commission for the Protection of Competition, responsible for the harmonious operation of the market and fair competition, please visit:  
[http://www.competition.gov.cy/competition/competition.nsf/index\\_en/index\\_en?opendocument](http://www.competition.gov.cy/competition/competition.nsf/index_en/index_en?opendocument)

## **Corporate Social Responsibility**

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In recent years, CSR awareness among both producers and consumers is growing in Cyprus. Leading foreign and local enterprises tend to follow generally-accepted CSR



principles, while firms pursuing these practices tend to be viewed more favorably by the public.

## Political Violence

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There have been no incidents of politically-motivated serious damage to foreign projects and or installations since 1974. However, potential foreign investors should have a basic understanding of the current political situation.

Cyprus has been divided since the Turkish military intervention of 1974, following a coup d'etat directed from Greece. Since 1974, the southern part of the island has been under the control of the internationally recognized Government of the Republic of Cyprus. The northern part of the island is administered by a Turkish Cypriot administration. In 1983, that administration proclaimed itself the "Turkish Republic of Northern Cyprus" ("TRNC"). The "TRNC" is not recognized by the United States or by any other country except Turkey. The two parts are separated by a buffer zone patrolled by United Nations forces. A substantial number of Turkish troops remain in the area administered by Turkish Cypriots.

There has been no serious inter-communal violence since 1974, other than an isolated incident in 1996 resulting in the deaths of two Greek-Cypriot civilians during a demonstration in the buffer zone. The partial lifting of travel restrictions between the two parts of the island in April 2003 has allowed movement of persons – over 16.5 million crossings to date -- between the two parts of the island. In August 2004, new EU rules allowed goods produced in the north to be sold in the south provided they were produced or "substantially transformed" in the north. Shortly thereafter, the Turkish Cypriot "authorities" adopted a new regulation mirroring the EU rules and allowing certain goods produced in the south to be sold in the north. Nevertheless, trade between the two communities remains limited. In 2009, Green Line (GL) trade from the Turkish Cypriot community (TCC) to the Greek Cypriot community (GCC) amounted to Euros 6.0 million, down 16 percent from 2008. In the same year, GL trade in the opposite direction (from the GCC to the TCC) amounted to Euro 811,637, down 41 percent from 2008.

The Green Line Regulation provides special rules for trade across the buffer zone. The maximum allowable ceiling on the total value of goods contained in the personal luggage of persons crossing the Green Line is currently Euros 260 (USD 390). Details on the Green Line Regulation are available from:

[http://www.europa-eu-un.org/articles/en/article\\_7955\\_en.htm](http://www.europa-eu-un.org/articles/en/article_7955_en.htm)

On May 1, 2004, the Republic of Cyprus joined the European Union as a full member. The EU *acquis communautaire* has been temporarily suspended in the northern part of the island due to the unresolved political situation.

A plan for the reunification of the island, drafted under the auspices of the UN and dubbed "the Annan Plan," was submitted to the two communities for approval in separate but simultaneous referenda on April 24, 2004. The plan was approved by the majority of Turkish Cypriots but rejected by the majority of Greek Cypriots. Negotiations for the resolution of the Cyprus problem between the Greek Cypriot and Turkish Cypriot leaders continue to the present day.

## Background Information

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

**U.S. Foreign Corrupt Practices Act:** In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at:

<http://www.justice.gov/criminal/fraud/>

It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements.

**OECD Antibribery Convention:** The OECD Antibribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD

Antibribery Convention through the U.S. FCPA. The Republic of Cyprus is not a party to the OECD Convention.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. The Republic of Cyprus is a party to the UN Convention.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>). The Republic of Cyprus is not a party to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see [www.coe.int/greco](http://www.coe.int/greco).) The Republic of Cyprus is a member of GRECO.

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website:

<http://www.ustr.gov/trade-agreements/free-trade-agreements>. The Republic of Cyprus does not have an FTA with the United States.

**Local Laws:** U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. and Foreign Commercial Service can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel.

**Assistance for U.S. Businesses:** The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at [www.trade.gov/cs](http://www.trade.gov/cs).

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at [http://tcc.export.gov/Report\\_a\\_Barrier/index.asp](http://tcc.export.gov/Report_a_Barrier/index.asp).

**Guidance on the U.S. FCPA:** The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at [www.justice.gov/criminal/fraud/fcpa](http://www.justice.gov/criminal/fraud/fcpa).

Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html). More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

#### Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: [http://www.oecd.org/departement/0,3355,en\\_2649\\_34859\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html).  
See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html).
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009). TI also publishes an annual Global Corruption Report which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See [http://info.worldbank.org/governance/wgi/sc\\_country.asp](http://info.worldbank.org/governance/wgi/sc_country.asp). The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
- The World Economic Forum publishes the Global Enabling Trade Report, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.
- Additional country information related to corruption can be found in the U.S. State Department’s annual Human Rights Report available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual Global Integrity Report, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Government-Controlled Area:

In the government-controlled area of Cyprus, corruption, both in the public and private sectors, constitutes a criminal offense. Under Cyprus' Constitution, the Auditor General controls all disbursements and receipts and has the right to inspect all accounts on behalf of the Republic. In her Annual Report, the Auditor General identifies specific instances of mismanagement or deviation from proper procedures in the civil service. Since 1991, Cyprus has also introduced the institution of the "Ombudsman," who oversees the acts or omissions of the administration.

Cyprus cooperates closely with EU and other international authorities on fighting corruption and providing mutual assistance in criminal investigations. Cyprus has signed the European Convention on Mutual Assistance on Criminal matters and is in the process of ratifying it. Cyprus also uses the foreign Tribunal Evidence Law, Chapter 12, to execute requests from other countries for obtaining evidence in Cyprus in criminal matters. Additionally, Cyprus is an active participant in the Council of Europe's Multidisciplinary Group on Corruption. Cyprus has signed and ratified (in 1999 and 2001, respectively) the Criminal Law Convention on Corruption and has joined the "Group of States against Corruption-GRECO"

The U.S. government is not aware of any U.S. firms identifying corruption as a significant obstacle to foreign direct investment in Cyprus; however, in some cases, U.S. companies competing on government tenders have expressed concerns about lack of transparency and the appearance of bias in decisions made by the technical committees responsible for preparing specifications and reviewing tender submissions.

Area Administered by Turkish Cypriots:

Although the Embassy is unaware of any recent complaints from U.S. businesses involving corrupt practices in the north, anecdotal evidence suggests that corruption and patronage continue to be a factor in the economy, despite "government" efforts to introduce standards of transparency in licensing and tendering.

## **Bilateral Investment Agreements**

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Government-Controlled Area:

The Government of Cyprus has 15 bilateral agreements for the encouragement and reciprocal protection of investments with the following countries: Armenia, Belgium, Bulgaria, Belarus, China, Egypt, Greece, Hungary, India, Israel, Lebanon, Poland, Romania, and the Seychelles. Another 40 bilateral investment agreements are currently under negotiation. Cyprus does not have a bilateral investment protection agreement with the United States; however, the Cypriot Ministry of Foreign Affairs and the U.S. State Department have exchanged letters on the reciprocal protection of investments.

Cyprus has entered into bilateral double tax treaties with a total of 40 countries. The main purpose of these treaties is the avoidance of double taxation of income earned in any of these countries. Under these agreements, a credit is usually provided for tax levied by the country in which the taxpayer resides for taxes imposed in the other treaty country. The effect of these arrangements is normally that the taxpayer pays no more than the higher of the two rates.



For more information on Cyprus' bilateral double tax treaties:

<http://www.mof.gov.cy/mof/mof.nsf/All/94BB287BD7D03232C2257547002D7DB5?OpenDocument>

The Republic of Cyprus has Trade Centers (under the Ministry of Commerce, Industry and Tourism) in eleven locations outside Cyprus, including one in New York City handling trade with the United States of America, Canada, and Latin America. The full list of these offices can be downloaded from:

<http://www.mcit.gov.cy>

Contact details for the New York Trade Center follow:

Mr. Aristos Constantinou  
Commercial Counsellor  
Cyprus Trade Centre in New York  
13 East 40th Street  
New York, NY 10016  
Tel: 212-213-9100  
Fax: 212-213-2918  
E-mail: [ctcny@cyprustradeny.org](mailto:ctcny@cyprustradeny.org)  
<http://www.cyprustradeny.org>

#### **OPIC and Other Investment Insurance Programs**

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The U.S. Overseas Private Investment Corporation (OPIC) is not active in Cyprus, but OPIC finance and insurance programs are open and may be useful when bidding on Build Operate and Transfer (BOT) contracts in the government-controlled area. Cyprus is a member of the Multilateral Investment Guarantee Agency (MIGA).

#### **Labor**

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Government-Controlled Area:

The labor force in the government-controlled area of Cyprus is estimated at 391,000 persons. The breakdown by broad sector is: agriculture and mining, 8.2 percent; industry and construction, 20.5 percent; and services, 71.1 percent (including 28.0 percent in trade and tourism).

At the end of 2010, unemployment in Cyprus reached 7.0 percent, the highest since 1977 due to the effects of the global economic downturn. Unemployment in Cyprus compares favorably with the Eurozone average of 9.5 percent.

Cyprus has a high per capita rate of college graduates, including many U.S. university graduates and offers an abundant supply of white-collar workers. English is widely spoken, a legacy of Cyprus's experience as a British colony (until 1960).

In response to labor shortages in recent years, more women have joined the labor force (women are now about 45.0 percent of the labor force, compared with 33.4 percent in 1980) and a growing number of Cypriots are repatriating from abroad.

The legislated minimum wage (effective September 2010) for sales assistants, clerks, paramedical, and child care staff is currently USD 1,102 per month, rising to USD 1,171 after six months' employment. Neither amount is sufficient to provide a decent standard of living for a worker and family. All other occupations, including unskilled workers, are covered under collective bargaining agreements between trade unions and employers within the same economic sector, and the wages set in these agreements are significantly higher than the legislated minimum wage. Existing legislation requires that foreign workers receive at least the minimum wage. However, foreign domestic servants have a separate minimum wage. As of January 2011, the minimum wage for domestic servants living on their own was USD 602 per month or, in the case of live-in domestic servants, 25 percent less for their room and board.

Currently, about 70 percent of the labor force is unionized (compared to 80 percent in 1980), which gives the unions a strong say in collective agreements. Head-on confrontations between management and unions do occur, although long-term work stoppages are rare. A recent study by Harvard University covering 60 countries found that union power in Cyprus was perceived to be "the strongest in the world," while labor relations were "relatively peaceful." International business companies are not required to hire union labor. Wages and salaries economy wide are adjusted for inflation twice a year through an automatic Cost of Living Allowance (COLA). COLA has been in existence for many years, helping preserve labor peace but also undermining competitiveness. Efforts are currently underway to amend the way COLA is calculated.

### Residency and Employment Permits

Non-EU residents wishing to establish a company in Cyprus need to obtain a residence and employment permit by the Civil Registry and Migration Department. The process of applying for and obtaining such permits can be complex. A Temporary Residency application (without the right to work in Cyprus) requires a bank guarantee and a full medical insurance certificate, valid for one year, along with other official forms. Applying for an employment permit is more complicated, involving, for example, a requirement on the part of the employer to place an ad in local media, as well on EURES (the EU's seasonal employment portal) for the specific position. Only if there are no other applicants from Cyprus or the rest of the EU after six weeks can the GOC consider the non-EU applicant. Applying for permanent residency requires continued presence in Cyprus for over 10 years, being over the age of 30 and having a clean police record. Such applications are reviewed on a case-by-case basis by an inter-agency committee, comprising of Ministry of Commerce, Ministry of Interior, Ministry of Labor and other officials.

Exceptionally wealthy investors, for their part, may apply to the GOC for permanent residency status, provided they meet the following criteria (approved in November 2007).

-- Direct investor applicants must have in Cyprus direct investments (e.g. real estate, factories) in excess of Euros 26 million.



-- Business applicants must have established in Cyprus companies with a total turnover of over Euros 86 million the year preceding the application.

-- Bank depositor applicants must have bank deposits in Cyprus in excess Euros 17 million for a minimum five-year term.

-- Alternatively, an applicant must have over Euros 26 million invested in a combination of the above.

#### Area Administered by Turkish Cypriots:

The labor force in the area administered by Turkish Cypriots is estimated at 92,000. The breakdown of employment by sector is as follows: 6 percent in agriculture, 9.8 percent in manufacturing and utilities, 12 percent in construction, and 72 percent in services (including in trade and tourism). The minimum wage effective December 2010 was 1,300 Turkish Lira (TL) per month (around USD 830). The rate of unemployment is estimated at around 9.8 percent.

The area has a high per capita rate of college graduates, including many U.S. and U.K. university graduates, and offers an abundant supply of white-collar workers. English is widely spoken, a legacy of Cyprus's experience as a British colony (until 1960).

Foreign persons obtain work permits through their employer. Foreigners have the option of importing their key personnel, and employers can hire trainees and part-time workers. Full-time working hours are 40 hours per week.

Around 10 percent of private sector workers and more than 65 percent of semipublic and public sector workers belong to labor unions. The "law" allows unions to conduct their activities without interference, and the authorities generally protected this right in practice.

#### **Foreign-Trade Zones/Free Ports**

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#### Government-Controlled Area:

Cyprus has three Free Zones (FZs). The first two, located in the main seaports of Limassol and Larnaca, are used only for transit trade, while the third, located near the international airport in Larnaca, can also be used for repacking and reprocessing. These areas are treated as being outside normal EU customs territory. Consequently, non-EU goods placed in FZs are not subject to any import duties, VAT or excise tax. FZs are governed under the provisions of relevant EU and Cypriot legislation. The Department of Customs has jurisdiction over all three areas and can impose restrictions or prohibitions on certain activities, depending on the nature of the goods. Additionally, the Ministry of Commerce, Industry and Tourism has management oversight over the Larnaca FZ.

Companies given permission to locate in the Larnaca FZ take advantage of the fact that the FZ operates outside the normal jurisdiction of Cyprus Customs. This allows the company to import raw materials or goods for transshipment without paying the normal import duty and VAT. The only limitation is that the goods must be sold or re-exported

strictly outside the EU. If the company wants to do business with the local market, it must obtain permission from Customs and pay the appropriate duties.

The procedure for applying is straightforward. Interested companies apply to the Ministry of Commerce, Industry, and Tourism (contact info given below), laying out their investment plans. The Ministry reviews the application and makes a recommendation. An inter-agency Council, with participation from the Central Bank of Cyprus and the Ministry of Finance, reviews the application and the Ministry of Commerce, Industry and Tourism issues approval. Contact information follows:

Mr. George Michael  
Commerce and Industry Officer A'  
Ministry of Commerce,  
Industry and Tourism  
1421 Nicosia  
Tel. +357-22-867235  
Fax. +357-22-375120  
E-mail: [mcindustry2@cytanet.com.cy](mailto:mcindustry2@cytanet.com.cy)  
Website: <http://www.mcit.gov.cy>

Area Administered by Turkish Cypriots:

Regulated by the "Free-Ports and Free Zones Law", there exists a free port and zone area in Famagusta.

Operations and activities permitted in the Free Port and Zone are as follows:

- Engaging in all kinds of industry, manufacturing and production.
- Storage and export of goods imported to the Free Port and Zone.
- Assembly and repair of goods imported to the Free Port and Zone.
- Building, repair and assembly of all kinds of ships.
- Banking and insurance services.

Incentives provided to businesses established in the Free Port and Zone are as follows:

- All income derived from activities and operations undertaken by investors in the Free Port and Zone are exempt from Corporate and Income Tax. This exemption does not apply to the exports of goods and services not manufactured and undertaken in the Free Port and Zone and that are directed to the "TRNC".
- No limit on repatriation of profit and capital.
- Exemption from custom duties and indirect taxes.
- Permission to employ foreign expert, engineer and technical personnel.

#### Government-Controlled Area:

In the run-up to EU accession (May 1, 2004), Cyprus dismantled most investment restrictions, attracting increased flows of Foreign Direct Investment (FDI), particularly from the EU. According to the latest United Nations Conference on Trade and Development (UNCTAD) "World Investment Report 2009," Cyprus ranks among the world leaders in terms of attracting foreign direct investment on a per capita basis.

In 2009, the inflow of FDI (including "brass plate" companies) reached USD 6.0 billion. About 90 percent of this investment came from the broad region of Europe, including 36.6 percent from the Russian Federation. In terms of sectoral allocation, incoming FDI in 2009 went to the following sectors: financial intermediation 58.1 percent; trade and repairs 23.7 percent; and real estate and business activities 15.7 percent.

The flow of U.S. investment in Cyprus reached USD 101.3 million in 2009, or 1.7 percent of Cyprus' total inward FDI. The stock of U.S. investment in the island was USD 248.8 million at the end of 2009. Projects involving U.S. investment in recent years have included real estate and various business activities, including a well-known U.S. coffee retailing franchise, a university, an information technology firm, an equestrian center, a hair products manufacturing unit, a firm trading in health and natural foodstuffs, an oil field products manufacturer, and a financial services company. U.S. investors may benefit from Cyprus's abolition of EU-origin investment restrictions, provided they operate through EU subsidiaries.

Additional information on foreign direct investment statistics can be obtained from:

<http://www.cipa.org.cy>

#### Area Administered by Turkish Cypriots:

No detailed statistics on investment in the area administered by Turkish Cypriots are available. However, it is clear that most foreign direct investment in north Cyprus since 1974 has come from Turkey – both from the government and the private sectors. The sectors, which have attracted most investment, are tourism and real estate.

Additional information on foreign direct investment statistics can be obtained from:

<http://www.Investinnorthcyprus.org>

#### Web Resources

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American Embassy in Nicosia:

<http://cyprus.usembassy.gov>

Commercial Section in Nicosia:

<http://www.buyusa.gov/cyprus/en>

**Government-Controlled Area:**

Government of Cyprus portal:

<http://www.cyprus.gov.cy>

Ministry of Foreign Affairs:

[http://www.mfa.gov.cy/mfa/properties/occupiedarea\\_properties.nsf/index\\_en/index\\_en?OpenDocument](http://www.mfa.gov.cy/mfa/properties/occupiedarea_properties.nsf/index_en/index_en?OpenDocument)

Point of Single Contact (Ministry of Commerce, Industry and Tourism):

<http://www.businessincyprus.gov.cy>

Cyprus Investment Promotion Agency:

<http://www.cipa.org.cy>

Ministry of Interior:

<http://www.moi.gov.cy/da>

Ministry of Finance:

<http://www.mof.gov.cy>

Central Bank of Cyprus:

<http://www.centralbank.gov.cy>

Department of Merchant Shipping:

<http://www.shipping.gov.cy>

Cyprus Bar Association:

<http://www.cyprusbarassociation.org>

The UK Foreign and Commonwealth Office:

<http://www.fco.gov.uk/en/about-the-fco/country-profiles/europe/cyprus>

Green Line Regulation:

[http://www.europa-eu-un.org/articles/en/article\\_7955\\_en.htm](http://www.europa-eu-un.org/articles/en/article_7955_en.htm)

Government of Cyprus portal on state-owned organizations:

<http://www.cyprus.gov.cy/portal/portal.nsf/All/F2414109880E837BC2256FA3002FEA11?OpenDocument&a=1&z=>

Commission for the Protection of Competition:

[http://www.competition.gov.cy/competition/competition.nsf/index\\_en/index\\_en?opendocument](http://www.competition.gov.cy/competition/competition.nsf/index_en/index_en?opendocument)

**Area Administered by Turkish Cypriots:**

"TRNC State Planning Organization:"

<http://www.devplan.org/>

Turkish Cypriot Chamber of Commerce:

<http://www.ktto.net/english/about.html>

"North Cyprus Investment Development Agency:"

<http://www.investinnorthcyprus.org>

"TRNC Central Bank":

<http://www.kktcmb.trnc.net/>

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## Chapter 7: Trade and Project Financing

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### How Do I Get Paid (Methods of Payment)

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The usual method of payment for business transactions is by letter of credit, with 90-days credit.

### How Does the Banking System Operate

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Government Controlled Area:

The standard of banking services in the government-controlled area of Cyprus compares well with other European countries and the United States. The Central Bank of Cyprus supervises private banks closely and requires them to meet Bank for International Settlements (BIS) standards as well as corresponding directives by the European Union. Bank financial statements are in compliance with international standards and audited by internationally recognized auditors. Since 2001, a deposit insurance scheme has been in operation, under the Banking Law of 1997. New regulations passed in the summer of 2009 raised the guaranteed amount under this scheme from Euros 20,000 to Euros 100,000 per depositor.

Area Administered by Turkish Cypriots:

The area administered by Turkish Cypriots went through a severe banking crisis from 1999 to 2001, which resulted in the closure of several banks and in financial losses for hundreds of local depositors. The crisis was fuelled mainly by the Turkish financial crisis but also by inadequate supervision. Banking supervision in the north has improved significantly in the past few years. The "Central Bank" oversees and regulates the 24 on-shore banks, many of which have correspondence relationship with foreign banks. Two of the five members of the "Central Bank's" "Board of Directors" are from Turkey as is the "Central Bank Governor." Turkish Cypriot banks do not have access to the SWIFT system.

### Foreign-Exchange Controls

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In both the government-controlled area and the area administered by Turkish Cypriots there are no restrictions on either incoming or outgoing foreign exchange remittances for

legitimate business purposes. However, the following restrictions apply to carrying cash in local or foreign currency in or out of the country.

#### Government Controlled Area:

Travelers both in and out of Cyprus, whether residents or non-residents, may carry local or foreign currency up to €10,000 (about USD 13,500) without any questions asked. Sums over this threshold must be declared to the Department of Customs at the port of entry/exit. When this currency was obtained through a bank, the traveler must display a copy of the bank transaction.

#### Area Administered by Turkish Cypriots

Travelers exiting the area administered by Turkish Cypriots - whether residents or non residents - may carry up to USD 10,000 in local or foreign currency, without prior permission. Travelers must obtain authorization from the Turkish Cypriot "Central Bank" for sums over this threshold and declare the money to the "Department of Customs" at the port of exit. There is no restriction for the import of currency into the area administered by Turkish Cypriots.

### **U.S. Banks and Local Correspondent Banks**

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#### Government-Controlled Area:

Cyprus currently hosts a total of 42 banks, 15 of which are incorporated locally. The remaining banks are branches of foreign-incorporated banks or representative offices, conducting their operations mainly with non-residents. These banks offer all types of services, including deposit accounts, lending advances, leasing, credit card facilities, and automatic banking machines. Some of them have subsidiaries dealing with insurance services, investment banking, and other related services. Most of these banks, particularly, those incorporated domestically, have correspondent arrangements with U.S. banks. Cypriot domestic banks have relatively high ratings from international rating agencies. Following is a list of all banks currently operating in Cyprus from the Central Bank of Cyprus website: [http://www.centralbank.gov.cy/nqcontent.cfm?a\\_id=29](http://www.centralbank.gov.cy/nqcontent.cfm?a_id=29)

#### Area Administered by Turkish Cypriots:

The area administered by Turkish Cypriots has a total of 24 domestic banks, most of which have correspondent facilities with the United States. The full list of domestic banks in the area administered by Turkish Cypriots can be obtained from the following website: [http://www.kktcmb.trnc.net/ser/english/index\\_englishz.htm](http://www.kktcmb.trnc.net/ser/english/index_englishz.htm)

### **Project Financing**

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EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and infrastructure projects in a number of key sectors (e.g., environmental, transportation, energy, telecommunications, tourism, public

health). From a commercial perspective, these initiatives create significant market opportunities for U.S. businesses, U.S.-based suppliers, and subcontractors. The EU supports projects within its member states, as well as EU-wide "economic integration" projects that cross both internal and external EU borders. In addition, the EU provides assistance to accession countries in Eastern and Southern Europe, Iceland and Turkey, as well as some of the former Soviet republics.

The European Union provides project financing through grants from the European Commission and loans from the European Investment Bank. Grants from the Structural Funds are distributed through the member states' national and regional authorities, and are only available for projects in the 27 EU member states. All grants for projects in non-EU countries are managed through the EuropeAid Cooperation agency in conjunction with various European Commission departments, called "Directorates-General."

### *The CSEU Tenders Database*

The U.S. Commercial Service at the U.S. Mission to the European Union offers a tool on its website to help U.S.-based companies identify European public procurement opportunities. The database features all current public procurement tenders issued by all national and regional public authorities in the 27 member states of the European Union, plus four other European countries, and that are open to U.S.-based firms under the terms of the Government Procurement Agreement (GPA) implemented in 1995. The database is updated twice weekly and is easy to use with a range of search options, including approximately 20 industry sectors. The database also contains tenders for public procurement contracts relating to structural funds. Readers may access the database at [http://www.buyusa.gov/europeanunion/eu\\_tenders.html](http://www.buyusa.gov/europeanunion/eu_tenders.html).

### *EU Structural Funds*

The EU Structural Funds, including the European Regional Development Fund, were created in 1975 to assist economically depressed regions of the European Union that required industrial restructuring. The EU earmarked EUR 308 billion for projects under the Structural Funds and the Cohesion Fund programs for the 2007-2013 period for the EU-27. In addition to funding economic development projects proposed by member states or local authorities, EU Structural Funds also support specialized projects promoting EU socioeconomic objectives. Member states negotiate regional and "sectoral" programs with officials from the regional policy Directorate-General at the European Commission. For information on approved programs that will result in future project proposals, please visit:

[http://ec.europa.eu/regional\\_policy/atlas2007/index\\_en.htm](http://ec.europa.eu/regional_policy/atlas2007/index_en.htm)

For projects financed through the Structural Funds, member state officials are the key decision-makers. They assess the needs of their country; investigate projects; evaluate bids; and award contracts. To become familiar with available financial support programs in the member states, it is advisable for would-be contractors to meet with local officials to discuss local needs.

Tenders issued by member states' public contracting authorities for projects supported by EU grants are subject to EU public procurement legislation if they meet the EU



minimum contract value requirement for the eligible sector. Below this threshold, tender procedures are subject to national procurement legislation. There are no overt prohibitions against the participation of U.S. companies, either as developers or concessionaires of projects supported partially by the Structural Funds, or as bidders on subsequent public tenders related to such projects, but it is advisable to team up with a local partner. All Structural Fund projects are co-financed by national authorities and most may also qualify for a loan from the European Investment Bank. The private sector is also involved in project financing. For more information on these programs, please see the market research section on the website of the U.S. Mission to the EU:

<http://www.buyusa.gov/europeanunion/mrr.html>

### *The Cohesion Fund*

The Cohesion Fund is another instrument of EU structural policy. Its EUR 61.5 billion (2007-2013) budget seeks to improve cohesion within the EU by funding transport infrastructure and environmental projects in Portugal, Spain, Greece and the twelve new (since 2004) EU member states from Central and Eastern Europe. These projects are generally co-financed by national authorities, the European Investment Bank, and the private sector.

[http://ec.europa.eu/regional\\_policy/funds/cf/index\\_en.htm](http://ec.europa.eu/regional_policy/funds/cf/index_en.htm)

### *Other EU Grants for Member States*

Another set of sector-specific grants offers assistance to EU member states in the fields of science, technology, communications, energy, environmental protection, education, training and research. Tenders related to these grants are posted on the various websites of the directorates-generals of the European Commission. Conditions for participation are strict and participation is usually restricted to EU firms or tied to EU content. Information pertaining to each of these programs can be found on:

[http://ec.europa.eu/grants/index\\_en.htm](http://ec.europa.eu/grants/index_en.htm)

### *External Assistance Grants*

The EuropeAid Cooperation Office is the European Commission agency in charge of managing the EU's external aid programs. This agency is responsible for the management of the entire project cycle, from identification to evaluation, while the Directorates-General in charge of External Relations and Development, are responsible for the drafting of multi-annual programs. The EuropeAid website offers extensive information on the range of grant programs, the kind of projects that are eligible, as well as manuals to help interested parties understand the relevant contract law. However, participation to calls for tender for contracts financed by EuropeAid is reserved for enterprises located in the EU member states and requires that the products used to respond to these projects are manufactured in the EU or in the aid recipient country. But consultants of U.S. nationality employed by a European firm are allowed to form part of a bidding team. European subsidiaries of U.S. firms are eligible to participate in these calls for tender.

[http://ec.europa.eu/europeaid/index\\_en.htm](http://ec.europa.eu/europeaid/index_en.htm)

All tenders related to EU-funded programs outside the territory of the European Union (including the accession countries) are located on the EuropeAid Cooperation Office website: [http://ec.europa.eu/europeaid/work/funding/index\\_en.htm](http://ec.europa.eu/europeaid/work/funding/index_en.htm)

Two new sets of programs have been approved for the financing period 2007-2013., The EU provides specific Pre-Accession financial assistance to the accession candidate countries that seek to join the EU through the “Instrument for Pre-accession Assistance” (IPA). Also, the European Neighborhood and Partnership Instrument (ENPI) will provide assistance to countries that are the Southern Mediterranean and Eastern neighbors of the EU.

- IPA replaces the following programs: PHARE (Poland and Hungary Assistance for Restructuring of the Economy), ISPA (Instrument for Structural Pre-Accession financing transport and environment projects), SAPARD (projects in the agriculture sector), CARDS (aid to southern Balkans) and the Turkey Facility Fund. IPA focuses on priorities linked to the adoption of the *acquis communautaire* (the body of European Union law that must be adopted by accession candidate countries as a precondition to accession), i.e., building up the administrative and institutional capacities and financing investments designed to help them comply with European Commission law. IPA will also finance projects destined to countries that are potential candidate countries, especially in the Balkans. The budget of IPA for 2007-2013 is €11.4 billion.

[http://ec.europa.eu/enlargement/index\\_en.htm](http://ec.europa.eu/enlargement/index_en.htm)

[http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/index\\_en.htm](http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/index_en.htm)

- ENPI: replaces the former TACIS and MEDA programs. The European Neighborhood Policy program covers the EU's neighbors to the east and along the southern and eastern shores of the Mediterranean i.e. Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine. ENPI budget is €11.9 billion for 2007-2013.

[http://ec.europa.eu/world/enp/index\\_en.htm](http://ec.europa.eu/world/enp/index_en.htm)

### *Loans from the European Investment Bank*

Headquartered in Luxembourg, the European Investment Bank (EIB) is the financing arm of the European Union. Since its creation in 1958, the EIB has been a key player in building Europe. As the EIB's lending practices evolved over the years, it became highly competent in assessing, reviewing and monitoring projects. As a non-profit banking institution, the EIB offers cost-competitive, long-term lending in Europe. Best known for its project financial and economic analysis, the Bank makes loans to both private and public EU-based borrowers for projects in all sectors of the economy, such as telecommunications, transport, energy infrastructure and environment.

While the EIB mostly funds projects within the EU, it lends outside the EU as well (e.g., in Central, Eastern and Southeastern Europe; Latin America; and Pacific and Caribbean states). In 2009, the EIB approved loans for projects worth EUR 103 billion, of which around 9% was approved for projects outside the EU. The EIB also plays a key role in

supporting EU enlargement with loans used to finance improvements in infrastructure, research and industrial manufacturing to help those countries prepare for eventual EU membership.

Projects financed by the EIB must contribute to the socioeconomic objectives set out by the European Union, such as fostering the development of less favored regions; improving European transport and telecommunication infrastructure; protecting the environment; supporting the activities of SMEs; assisting urban renewal; and, generally promoting growth, competitiveness and employment in Europe. Last year, the EIB created a list of projects to be considered for approval and posted the list on its website. As such, the EIB website is a source of intelligence on upcoming tenders related to EIB-financed projects: <http://www.eib.org/projects/pipeline/index.htm>

The EIB presents attractive business opportunities to U.S. businesses. EIB lending rates are lower than most other commercial rates. Like all EIB customers, however, U.S. firms must apply the loan proceeds to a project that contributes to the European objectives cited above.

The U.S. Mission to the European Union in Brussels has developed a database to help U.S.-based companies bid on EIB public procurement contracts in non-EU countries. The EIB-financed contracts that are open to U.S.-based companies are featured in this database. All the tenders in this database are extracted from the EU's Official Journal. The EIB database contains on average 50 to 100 tenders and is updated twice per week.

[http://www.buyusa.gov/europeanunion/eu\\_tenders.html](http://www.buyusa.gov/europeanunion/eu_tenders.html)

#### Government-Controlled Area:

There are no significant problems with credit availability in the government-controlled area of Cyprus, even though both lending and deposit rates tend to be persistently above prevailing EU levels. Cyprus still enjoys very good credit ratings internationally, despite recent downgrades resulting mainly from concerns over GOC public finances in the medium to long term. Cyprus' current sovereign and corporate credit ratings can be obtained from:

[http://www.mof.gov.cy/mof/mof.nsf/DMLratings\\_en/DMLratings\\_en?OpenDocument](http://www.mof.gov.cy/mof/mof.nsf/DMLratings_en/DMLratings_en?OpenDocument)

Banks in Cyprus employ all modern methods of cross-border financing, including letters of credit, bills for collection, documentary credit, and cash against documents. U.S. EXIM Bank financing could also be applied in Cyprus for U.S. source equipment purchases. EXIM Bank is open for short- and long-term trade financing. Cyprus graduated from World Bank borrowing in 1992.

#### Area Administered by Turkish Cypriots:

Credit availability is more of a problem in the area administered by Turkish Cypriots and domestic banks charge much higher interest rates than banks in the government-controlled area. Due to north Cyprus' relative economic isolation and issues arising from the "TRNC's" lack of international recognition, both domestic banks and businesses currently have very limited access to international capital. U.S. EXIM Bank financing

may be available for U.S. source equipment purchases and trade financing involving the private sector. EXIM Bank financing is not available for projects involving the public sector.

## **Web Resources**

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### **Government-Controlled Area:**

Central Bank of Cyprus

[http://www.centralbank.gov.cy/nqcontent.cfm?a\\_id=1](http://www.centralbank.gov.cy/nqcontent.cfm?a_id=1)

### **Area Administered by Turkish Cypriots:**

“Central Bank” of the “TRNC”

<http://www.kktcmb.trnc.net/ENGLISH/defaultENG.htm>

### **EU websites:**

Future project proposals:

[http://ec.europa.eu/regional\\_policy/atlas2007/fiche\\_index\\_en.htm](http://ec.europa.eu/regional_policy/atlas2007/fiche_index_en.htm).

The EU regional policies, the EU Structural and Cohesion Funds:

[http://ec.europa.eu/regional\\_policy/index\\_en.htm](http://ec.europa.eu/regional_policy/index_en.htm)

EU Grants and Loans index: [http://ec.europa.eu/grants/index\\_en.htm](http://ec.europa.eu/grants/index_en.htm)

EuropeAid Co-operation Office: [http://ec.europa.eu/europeaid/index\\_en.htm](http://ec.europa.eu/europeaid/index_en.htm)

IPA: [http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/index\\_en.htm](http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/index_en.htm)

The European Investment Bank: <http://www.eib.org>

EIB-financed projects: <http://www.eib.org/projects/index.htm?lang=-en>.

### **U.S. websites:**

CSEU Tender Database:

[http://www.buyusa.gov/europeanunion/eu\\_tenders.html](http://www.buyusa.gov/europeanunion/eu_tenders.html)

Market research section on the website of the U.S. Mission to the EU:

<http://www.buyusa.gov/europeanunion/mrr.html>

European Union Tenders Database:

<http://www.buyusa.gov/europeanunion/euopportunities.html>

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

U.S.D.A Commodity Credit Corporation: <http://www.fsa.usda.gov/ccc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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## Chapter 8: Business Travel

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- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

### Business Customs

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Business customs in Cyprus are not very different from the U.S. Despite the long and hot summer, the conventional business dress code usually calls for a suit and tie for men and conservative attire for women. More casual wear is usually worn when entertaining business guests, depending on the venue. It is considered a courtesy for business people to host business lunches or dinners while discussing a possible cooperation

### Travel Advisory

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Cyprus enjoys a low crime rate, good hygienic conditions, and a modern array of goods and services. Visitors may obtain travel advisory information from the Embassy's website: <http://cyprus.usembassy.gov>. Any foreigner arriving in Cyprus must possess a valid passport except EU passengers who can enter the island with only their European identification..

### Visa Requirements

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U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

#### Government-Controlled Area

U.S. citizens do not need visas to enter Cyprus. Persons arriving with the intention to work must obtain special work permits. For more information contact the Consular Section of Embassy Nicosia at +357-22-393939. Information is also available on the Embassy website: <http://cyprus.usembassy.gov>

Area Administered by Turkish Cypriots:

U.S. citizens do not need visas to enter the area administered by Turkish Cypriots. U.S. citizens can enter the area administered by Turkish Cypriots either directly (through the Ercan airport and the Kyrenia and Famagusta seaports) or from the government-controlled area (at one of the 7 current crossing points over the UN-patrolled green line). Since 1974, the Cypriot government has designated Larnaca and Paphos international airports, and the seaports of Limassol, Larnaca, and Paphos, as the only legal points of entry into and exit from Cyprus. These ports are all in the government-controlled southern part of the island.

The Government of Cyprus considers entry or exit via any other air or seaport an illegal act. Until 2004, visitors choosing to arrive at “non-designated” airports and seaports in the north were not allowed to cross the United Nations-patrolled “green line” to the government-controlled area in the south. In June of 2004, however, Cypriot authorities implemented new EU-related crossing regulations that allowed Americans (and citizens of most other countries) to cross freely regardless of their port of entry into Cyprus.

Visitors arriving in the government-controlled area are normally able to cross into the area administered by Turkish Cypriots without hindrance, although on occasion difficulties are encountered at both the Greek-Cypriot and Turkish Cypriot checkpoints. Policy and procedures regarding such travel are subject to change. More information on current procedures may be obtained at the U.N. “Buffer Zone” Ledra Palace checkpoint in Nicosia.

## **Telecommunications**

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### **Government Controlled Area:**

The island's telecommunications system is quite advanced and efficient. More than 190 countries can be reached through fully automatic direct dialing. Installation services are usually offered within a few days notice. Telefax service is available, as is the internet. Cyprus uses GSM cellular phone technology on European frequencies and standards. Both the Cyprus Telecommunications Authority (CyTA – a semi-governmental organization) and MTN (previously Areeba) provide cellular phone services. MTN also offers Blackberry services. PrimeTel offers fixed line services and internet line although it is currently considering entering the cellular phone market. All telecommunication services are controlled by the Office of the Commissioner of Telecommunications and Postal Regulations: [http://www.ocecpr.org.cy/nqcontent.cfm?a\\_id=1](http://www.ocecpr.org.cy/nqcontent.cfm?a_id=1)

### **Area Administered by Turkish Cypriots:**

The “Telecommunications Authority” in the north provides telephone, telex, fax and telegram transmission services. The telephone service is integrated into the Turkish market and uses the Turkish country code. Two private companies, KKTCell (subsidiary of Turkish company Turkcell) and Telsim (now owned by the British Vodafone Company in Turkey) provide GSM-Mobile services (including 3G). Internet services are widely available, including broadband services.

## **Transportation**

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## Government Controlled Area:

Traveling within Cyprus is by taxi and bus service or rental car. Bus services are not as frequent as one might like, although the Government is currently looking for a way to improve them significantly. Taxis are metered. The cost for a taxi from the airport to Nicosia is around Euro 50.00 (depending on the current rate of conversion, approximately USD 68). To rent a car prices vary depending on the season and the car the visitor selects.

Air traffic is served through the island's two international airports situated in Larnaca and Paphos. A new airport was constructed in Larnaca and began its operations in November 2009. A new Paphos airport is also operating. Cyprus Airways is the national carrier of Cyprus. Many international airlines including Cyprus Airways offer daily flights to major destinations in Europe and the Middle East. The port of Limassol serves the country's external trade and sea borne passenger traffic, acting also as transshipment center for the region.

## Area Administered by Turkish Cypriots:

Means of public transportation in the north is by bus or taxi. Rental cars services are also available. The distances are relatively short and the roads are in fairly good condition. Because the Government of Cyprus actively discourages the use of its air space for flights into Ercan airport (an airport it considers illegal), only Turkish and Turkish Cypriot carriers fly to the area administered by Turkish Cypriots, and all flights must currently touchdown in Turkey. The two ports of Famagusta and Kyrenia are used for cargo and passenger transportation. Most goods destined for the area administered by Turkish Cypriots are transshipped through the Turkish port of Mersin -- significantly increasing the cost of shipping cargo to north Cyprus.

## Language

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The official languages in Cyprus are Greek, Turkish, and English. Greek and English are widely spoken in the government-controlled area of the island. Press is available in many languages (European and other). English is usually preferred in business dealings. Turkish is widely spoken in the area administered by Turkish Cypriots.

## Health

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Cyprus has a general hospital in every city and several private clinics. Most facilities provide adequate medical care and are equipped with modern equipment and trained medical professionals. There are many English-speaking doctors and dental specialists in Cyprus who were trained in Europe or the United States. The Government would like to upgrade its medical facilities and attract medical tourism to Cyprus as well. A few projects are in the process to make that happen.

## Local Time, Business Hours, and Holidays

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## Government-Controlled Area:



The list of holidays observed by businesspersons in Cyprus for 2011:

|             |                              |
|-------------|------------------------------|
| January 1   | New Year's Day               |
| January 6   | Epiphany Day                 |
| March 7     | Green Monday - Start of Lent |
| March 25    | Greek Independence Day       |
| April 1     | Cyprus National Day          |
| April 22    | Good Friday                  |
| April 25    | Easter Monday                |
| June 13     | Holy Spirit Day              |
| August 15   | Assumption Day               |
| October 1   | Cyprus Independence Day      |
| October 28  | National Day of Greece       |
| December 24 | Christmas Eve                |

Businesspersons should avoid making appointments on the above dates (holidays that fall on a Saturday or Sunday are not observed on weekdays – but stores remain closed on Saturday if there is a national holiday). The months of July and August are relatively slow months because many businesses are closed for summer vacations. We recommend that you avoid making appointments during Christmas and Easter holidays as well.

#### Government Offices:

|                    |             |
|--------------------|-------------|
| Monday – Tuesday:  | 7:30 –14:30 |
| Wednesday:         | 7:30 –18:00 |
| Thursday – Friday: | 7:30 –14:30 |

(Note: During the months of July and August, the Government offices are closed on Wednesday afternoon).

#### Banking sector:

|                   |                                |
|-------------------|--------------------------------|
| Monday:           | 7:30 – 14:30 and 15:00 – 18:00 |
| Tuesday – Friday: | 7:30 – 14:30                   |

(Note: From May to August, the banks are closed on Monday afternoon).

Private sector business hours vary. The most common work hours companies follow are from 8:00 to 17:00 with a one-hour break between 13:00 and 14:00. Private sector hours are the same year round.

Business travelers to Cyprus seeking appointments with U.S. Embassy Nicosia officials should contact the Commercial Section in advance. The Commercial Section can be reached by phone at +357-22-393520 or +357-22-393362, by fax at +357-22-393923 or through email: [nicosiaecon@state.gov](mailto:nicosiaecon@state.gov).

#### Area Administered by Turkish Cypriots:

Public holidays for 2011 are:

|             |                        |
|-------------|------------------------|
| February 15 | Prophet's Birthday     |
| April 23    | Children's Day         |
| May 1       | Labor Day              |
| May 19      | Youth and Sports Day   |
| July 20     | Peace Operation Day    |
| August 1    | TMT Day                |
| August 30   | Victory Day            |
| August 30   | Ramadan Bairam         |
| August 31   | Ramadan Bairam         |
| October 29  | Republic of Turkey Day |
| November 15 | TRNC Day               |
| November 7  | Kurban Bairam          |
| November 8  | Kurban Bairam          |
| November 9  | Kurban Bairam          |

"Government" Offices: (Monday – Friday)

Year-round: 08:00-15:30 every day, Thursday 08:00-13:00 and 14:00-17:00

Shops: (Monday – Saturday)

October – April: 08:30– 18:00

May – September: 08:00 – 13:00 and 16:00 – 19:00

Banks: (Monday – Friday)

October – April: 08:30 – 12:30 and 14:00 – 15:30

May – September: 08:30 – 12:30 and 14:15 – 16:15

Factories: (Monday – Friday)

October – April: 07:30 – 16:00

May – September: 07:30 – 16:00

Business travelers to the area administered by Turkish Cypriots seeking appointments with U.S. Embassy Nicosia officials should contact the Commercial Section in advance. The Commercial Section can be reached by phone at +357-22-393520 or +357-22-393362, by fax at +357-22-393923 or through email: [nicosiaecon@state.gov](mailto:nicosiaecon@state.gov).

## Temporary Entry of Materials and Personal Belongings

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There are no restrictions for temporary entry of materials or personal belongings within the limits of the law (e.g. not guns, narcotics, etc).

## Web Resources

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Republic of Cyprus official website: <http://www.cyprus.gov.cy>

"TRNC" website: <http://www.trncgov.com/>

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## Chapter 9: Contacts, Market Research and Trade Events

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- [Market Research](#)
- [Trade Events](#)

### Contacts

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#### Government-Controlled Area:

The Government of Cyprus and semi-governmental organizations can be accessed through the Internet at the following web address: <http://www.cyprus.gov.cy>. Through this website there are links to all Ministries and independent services related to the Government.

#### Ministry of Foreign Affairs

|   |  |
|---|--|
| Minister  | Mr. Marcos Kyprianou<br>Tel.: +357-22-401200<br>Fax: +357-22-661881        |
| Permanent Secretary   | Ambassador Nicholas Emiliou<br>Tel.: +357-22-401213<br>Fax: +357-22-661881 |
| Email: <a href="mailto:minforeign1@mfa.gov.cy">minforeign1@mfa.gov.cy</a><br><br>Website: <a href="http://www.mfa.gov.cy">http://www.mfa.gov.cy</a> |  |

#### Ministry of Finance

|   |  |
|---|--|
| Minister  | Mr. Charilaos Stavrakis<br>Tel.: +357-22-601104<br>Fax: +357-22-602741 |
| Permanent Secretary   | Mr. Christos Patsalides<br>Tel.: +357-22-601115<br>Fax: +357-22-602743 |
| Email: <a href="mailto:minister@mof.gov.cy">minister@mof.gov.cy</a><br><br>Website: <a href="http://www.mof.gov.cy">http://www.mof.gov.cy</a> |  |

Ministry of Commerce, Industry and Tourism

|   |  |
|---|--|
| Minister  | Mr. Antonis Paschalides<br>Tel.: +357-22-867111<br>Fax: +357-22-375323 |
| Permanent Secretary   | Ms. Zeta Emilianidou<br>Tel.: +357-22-867196<br>Fax: +357-22-375120    |
| Email: <a href="mailto:perm.sec@mcit.gov.cy">perm.sec@mcit.gov.cy</a><br><br>Website: <a href="http://www.mcit.gov.cy">http://www.mcit.gov.cy</a> |  |

Ministry of Communications and Works

|   |   |
|---|---|
| Minister  | Erato Kozakou-Marcoulli<br>Tel.: +357-22-800102<br>Fax: +357-22-776265  |
| Permanent Secretary   | Mr. Makis Constantinides<br>Tel.: +357-22-800106<br>Fax: +357-22-776248 |
| Email: <a href="mailto:minister@mcw.gov.cy">minister@mcw.gov.cy</a><br><br>Website: <a href="http://www.mcw.gov.cy">http://www.mcw.gov.cy</a> |   |

Ministry of Agriculture and Natural Resources

|   |   |
|---|---|
| Minister  | Demetris Eliades<br>Tel.: +357-22-408326<br>Fax: +357-22-780623   |
| Permanent Secretary   | Ms. Egly Pantelaki<br>Tel.: +357-22-408317<br>Fax: +357-22-781156 |
| Email: <a href="mailto:registry@moa.gov.cy">registry@moa.gov.cy</a><br><br>Website: <a href="http://www.moa.gov.cy">http://www.moa.gov.cy</a> |   |

Ministry of Health

|          |  |
|----------|--|
| Minister | Dr. Christos Patsalides<br>Tel.: +357-22-605303<br>Fax: +357-22-434189 |
|----------|--|

|   |  |
|---|--|
| Permanent Secretary   | Mr. Dionysis Mavronicolas<br>Tel.: +357-22-605312<br>Fax: +357-22-434203 |
| Email: <a href="mailto:minister@moh.gov.cy">minister@moh.gov.cy</a><br><br>Website: <a href="http://www.moh.gov.cy">http://www.moh.gov.cy</a> |  |

#### Ministry of Interior

|   |   |
|---|---|
| Minister  | Mr. Neoclis Sylikiotis<br>Tel.: +357-22-867600<br>Fax: +357-22-676709 |
| Permanent Secretary   | Dr. Lazaros Savvides<br>Tel.: +357-22-867629<br>Fax: +357-22-867696   |
| Email: <a href="mailto:minister@moi.gov.cy">minister@moi.gov.cy</a><br><br>Website: <a href="http://www.moi.gov.cy">http://www.moi.gov.cy</a> |   |

#### Ministry of Labor and Social Insurance

|   |  |
|---|--|
| Minister  | Mrs. Sotiroulla Charalambous<br>Tel.: +357-22-401732<br>Fax: +357-22- 670993 |
| Permanent Secretary   | Mr. George Papageorgiou<br>Tel.: +357-22-401742<br>Fax: +357-22- 670993      |
| Email: <a href="mailto:administration@mlsi.gov.cy">administration@mlsi.gov.cy</a><br><br>Website: <a href="http://www.mlsi.gov.cy">http://www.mlsi.gov.cy</a> |  |

#### Electricity Authority of Cyprus

|                 |  |
|-----------------|--|
| Chairman        | Mr. Charis Thrasou<br>Tel.: +357-22-845000<br>Fax: +357-22-767658    |
| General Manager | Mr. Stelios Stylianou<br>Tel.: +357-22-201004<br>Fax: +357-22-201509 |

Email: [eac@eac.com.cy](mailto:eac@eac.com.cy)

Website: <http://www.eac.com.cy>

#### Registrar of Companies and Official Receiver

|   |  |
|---|--|
| Registrar   | Mr. Spyros Kokkinos<br>Tel.: +357-22-404301<br>Fax: +357-22-304887   |
| Deputy Official Receiver  | Ms. Stalo Papaioannou<br>Tel.: +357-22-404388<br>Fax: +357-22-304887 |
| Email: <a href="mailto:deptcomp@drcor.mcit.gov.cy">deptcomp@drcor.mcit.gov.cy</a>   |  |
| Website:<br><a href="http://www.mcit.gov.cy/mcit/drcor/drcor.nsf/index_en/index_en">http://www.mcit.gov.cy/mcit/drcor/drcor.nsf/index_en/index_en</a> |  |

#### Cyprus Telecommunications Authority

|  |  |
|--|--|
| Chairman   | Mr. Stathis Kittis<br>Tel.: +357-22-701200<br>Fax: +357-22-701500  |
| Chief Executive Officer  | Mr. Photis Savvides<br>Tel.: +357-22-701620<br>Fax: +357-22-494940 |
| Website: <a href="http://www.cyta.com.cy">http://www.cyta.com.cy</a> |  |

#### Commission of Telecommunications and Postal Regulations

|  |  |
|--|--|
| Commissioner   | Dr. Polys Michaelides<br>Tel.: +357-22-693100<br>Fax: +357-22-693030 |
| Deputy Commissioner  | Mr. Photis Anastasi<br>Tel.: +357-22-693104<br>Fax: +357-22-693040   |
| Email: <a href="mailto:Info@ocepr.org.cy">Info@ocepr.org.cy</a>        |  |
| Website: <a href="http://www.ocepr.org.cy">http://www.ocepr.org.cy</a> |  |

#### Cyprus Energy Regulatory Authority (CERA)

|  |  |
|--|--|
| Commissioner   | Mr. George Shammas<br>Tel.: +357-22-666363<br>Fax: +357-22-667763          |
| Vice – President   | Mr. Constantinos Eliopoulos<br>Tel.: +357-22-666363<br>Fax: +357-22-667763 |
| Email: <a href="mailto:info@cera.org.cy">info@cera.org.cy</a>        |  |
| Website: <a href="http://www.cera.org.cy">http://www.cera.org.cy</a> |  |

#### Public Company for Natural Gas (PCNG – DEFA)

|   |   |
|---|---|
| Executive Chairman  | Mr. Costas Ioannou<br>Tel.: +357-22-761761<br>Fax: +357-22-761771 |
| Email: <a href="mailto:info@defa.com.cy">info@defa.com.cy</a>   |   |
| Website: <a href="http://www.defa.com.cy/">http://www.defa.com.cy/</a> (page is currently under construction) |   |

#### Cyprus Ports Authority

|  |   |
|--|---|
| General Manager  | Mr. Yiannakis Kokkinos<br>Tel.: +357-22-817200<br>Fax: +357-22-765420 |
| Email: <a href="mailto:cpa@cpa.gov.cy">cpa@cpa.gov.cy</a>          |   |
| Website: <a href="http://www.cpa.gov.cy">http://www.cpa.gov.cy</a> |   |

#### Country Trade Associations/Chambers of Commerce

In 1997 the Cyprus-American Business Association (CyABA) was established under the Cyprus Chamber of Commerce and Industry to handle matters related to trade with the United States. The CyABA, which is also a member of the U.S. Chamber of Commerce, has a very useful Internet site at: <http://www.cyaba.com.cy>. CyABA's current President

is Mr. Chris Christodoulou who was elected on February 5, 2009. A new Board is scheduled for election in March 2011.

Contact:

Mr. Chris Christodoulou, President  
CyABA  
38 Griva Digeni Ave. and Deligiorgis Streets  
P.O. Box 21455  
1509 Nicosia  
CYPRUS  
Tel.: 357-22-889800  
Fax: 357-22-669048  
E-mail: [info@cyaba.com.cy](mailto:info@cyaba.com.cy)  
Website: <http://www.cyaba.com.cy>

The Cyprus Chamber of Commerce and Industry, with regional chambers in all four major towns, is the major contact for business advice in Cyprus.

Contact:

Mr. Panayiotis Loizides, Secretary General  
Cyprus Chamber of Commerce and Industry  
38 Griva Digeni Ave. and Deligiorgis Streets  
P.O. Box 21455  
1509 Nicosia  
CYPRUS  
Tel.: 357-22-889800  
Fax: 357-22-669048  
E-mail: [chamber@ccci.org.cy](mailto:chamber@ccci.org.cy)  
Website: <http://www.ccci.org.cy>

There are also trade associations governing most professions. Most of these associations are housed within the Cyprus Chamber of Commerce and Industry building.

Another organization you can contact for business related information is the Cyprus Employers and Industrialists Federation (Greek acronym OEB):

Contact:

Mr. Michalis Pilikos  
Director General  
Cyprus Employers and Industrialists Federation  
P.O. Box 21657  
1511 Nicosia  
CYPRUS  
Tel.: +357-22-665102  
Fax: +357-22-669459  
E-mail: [info@oeb.org.cy](mailto:info@oeb.org.cy)  
Website: <http://www.oeb.org.cy>



## U.S. Embassy Trade Personnel

The Embassy's Commercial Unit is in the main chancery. An American Economic/Commercial Officer is assigned to the Embassy for a three-year tour and supervises the Economic/Commercial Section. One Cypriot Commercial Specialist, a Cypriot Commercial Assistant, and a Cypriot Economic Specialist are available to assist U.S. Businesspersons. The Embassy's telephone number is +357-22-393939 and the direct numbers for the Commercial Section are +357-22-393520 or +357-22-393362. The fax number is +357-22-393923. The Commercial Section's website is : <http://www.buyusa.gov/cyprus/>. You can also reach the Section through the following e-mail: [nicosiaecon@state.gov](mailto:nicosiaecon@state.gov).

## Washington-Based U.S. Government Country Contacts

Washington-based USG country contacts include the Cyprus Desks at the Department of State (tel.: 202-647-6113) and Department of Commerce (tel.: 202-482-3945), the Overseas Private Investment Corporation (OPIC) (tel.: 202-336-8474), EXIM Bank (tel.: 202-566-8990), and Trade and Development Agency (tel.: 703-875-4357).

## Area Administered by Turkish Cypriots: "Ministries"

| "Ministry"  | "Minister"                          | Address  | Telephone               | Fax                     |
|---|-------------------------------------|--|-------------------------|-------------------------|
| "Prime Ministry"                                    | "Prime Minister"<br>Mr. Irsen Kucuk | Lefkoşa –<br>"TRNC"<br>Via Mersin 10<br>Turkey | (90) (392) 228<br>31 41 | (90) (392) 227<br>52 81 |
| "Ministry of<br>Foreign Affairs"                    | Mr. Huseyin<br>Ozgurgun             | Lefkoşa –<br>"TRNC"<br>Via Mersin 10<br>Turkey | (90) (392) 228<br>32 41 | (90) (392) 228<br>42 90 |
| "Ministry of<br>Economy Energy"                     | Mr. Sunat Atun                      | Lefkoşa –<br>"TRNC"<br>Via Mersin 10<br>Turkey | (90) (392) 228<br>31 16 | (90) (392) 228<br>52 04 |
| "Ministry of<br>Finance"                            | Mr. Ersin Tatar                     | Lefkoşa –<br>"TRNC"<br>Via Mersin 10<br>Turkey | (90) (392) 228<br>31 16 | (90) (392) 227<br>82 30 |
| "Ministry of Public<br>Works and<br>Transportation" | Mr. Ersan Saner                     | Lefkoşa –<br>"TRNC"<br>Via Mersin 10<br>Turkey | (90) (392) 228<br>36 66 | (90) (392) 228<br>18 91 |
| "Ministry of<br>Interior"                           | Mr. Ilkay Kamil                     | Lefkoşa –<br>"TRNC"<br>Via Mersin 10           | (90) (392) 228<br>33 44 | (90) (392) 228<br>30 43 |

|  |                     |                                       |                      |                      |
|--|---------------------|---------------------------------------|----------------------|----------------------|
|  |                     | Turkey                                |                      |                      |
| "Ministry of Labor and Social Security"                  | Mr. Turkay Tokel    | Lefkoşa – "TRNC" Via Mersin 10 Turkey | (90) (392) 227 87 65 | (90) (392) 228 64 54 |
| "Ministry of Education and Culture"                      | Mr. Nazim Cavusoglu | Lefkoşa – "TRNC" Via Mersin 10 Turkey | (90) (392) 228 31 36 | (90) (392) 228 23 34 |
| "Ministry of Agriculture"                                | Mr. Zorlu Tore      | Lefkoşa – "TRNC" Via Mersin 10 Turkey | (90) (392) 228 35 95 | (90) (392) 228 69 45 |
| "Ministry of Health and Social Welfare"                  | Dr. Ahmet Kasif     | Lefkoşa – "TRNC" Via Mersin 10 Turkey | (90) (392) 228 31 73 | (90) (392) 228 38 93 |
| "Ministry of Tourism, Environment and Natural Resources" | Mr. Kemal Durust    | Lefkoşa – "TRNC" Via Mersin 10 Turkey | (90) (392) 227 87 65 | (90) (392) 228 93 78 |

#### **"Public and Private Organizations"**

| <b>Organization Name</b>                        | <b>"Directors"</b>                | <b>Address</b>                                    | <b>Telephone</b>     | <b>Fax</b>           |
|---|-----------------------------------|---|----------------------|----------------------|
| "State Planning Organization"                   | "Under Secretary": Mr. Ali Korhan | Lefkoşa – "TRNC" Via Mersin 10 Turkey             | (90) (392) 228 31 41 | (90) (392) 228 59 88 |
| "Department of Official Receiver and Registrar" | Mr. Kemal Ozcakil                 | Lefkoşa – "TRNC" Via Mersin 10 Turkey             | (90) (392) 228 43 45 | (90) (392) 227 22 05 |
| "Central Bank"                                  | "Governor": Mr. Ahmet Tugay       | Lefkoşa – "TRNC" Via Mersin 10 Turkey             | (90) (392) 228 32 16 | (90) (392) 228 86 07 |
| "Development Bank"                              | Dr. Ahmet Atanel                  | P.O. Box 29 Lefkoşa – "TRNC" Via Mersin 10 Turkey | (90) (392) 228 84 40 | (90) (392) 227 82 55 |
| "Free Port and                                  | Mr. Adnan Zihni                   | Magusa – "TRNC"                                   | (90) (392) 365 11 64 | (90) (392) 365 47 75 |

|                                     |                               |   |                      |                      |
|-------------------------------------|-------------------------------|---|----------------------|----------------------|
| Zone Administration”                |                               | Via Mersin 10 Turkey  |                      |                      |
| Cyprus Turkish Chamber of Industry  | Chairman:<br>Mr. Ali Cirali   | Osman Paşa Caddesi No: 14<br>Kösklülük Lefkoşa – “TRNC”<br>Via Mersin 10 Turkey | (90) (392) 228 45 96 | (90) (392) 228 45 95 |
| Turkish Cypriot Chamber of Commerce | Chairman:<br>Mr. Gunay Cerkez | Bedreddin Demirel Caddesi Lefkoşa – “TRNC”<br>Via Mersin 10 Turkey              | (90) (392) 228 37 60 | (90) (392) 228 30 89 |

## Market Research

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Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required but is free.

## Trade Events

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Please click on the links below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

<http://www.buyusa.gov/cyprus/en/tradeeventscy.html>

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## Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov)

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link:  
<http://www.buyusa.gov/cyprus/en/services.html>

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the U.S. Department of Commerce's Trade Information Center at (800) USA-TRADE.

We value your feedback on the format and contents of this report. Please send your comments and recommendations to: [Market\\_Research\\_Feedback@trade.gov](mailto:Market_Research_Feedback@trade.gov)  
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